# 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

# 2025
## ANNUAL REPORT

* For identification purposes only

# Contents



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

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Dr. WANG Pang Paul (appointed on 25 January 2025)
Mr. CAO Xinzhong (appointed on 25 January 2025)
Mr. WANG Jian Sheng (redesignated as Non-executive Director on 25 January 2025)
Mr. YAO Guoliang (removed on 25 January 2025)
Dr. MA Yi (removed on 25 January 2025)
Dr. TAN Xiao (removed on 25 January 2025)

### Non-executive Directors

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

### Independent Non-executive Directors

Mr. WANG Qihong *(Chairman)* (appointed on 25 January 2025)
Dr. LU Guoyang (appointed on 25 January 2025)
Ms. TAM Yuk Yu (appointed on 25 January 2025)
Mr. DENG Heng (Chairman until 25 January 2025) (removed on 25 January 2025)
Ms. JIAO Jie (removed on 25 January 2025)
Mr. LAI Wai Chi (removed on 25 January 2025)

## BOARD COMMITTEES

### Audit Committee

Ms. TAM Yuk Yu *(Chairperson)* (appointed on 25 January 2025)
Dr. LU Guoyang (appointed on 25 January 2025)
Mr. WANG Qihong (appointed on 25 January 2025)
Ms. JIAO Jie *(Chairperson)* (removed on 25 January 2025)
Mr. DENG Heng (removed on 25 January 2025)
Mr. LAI Wai Chi (removed on 25 January 2025)

### Remuneration Committee

Dr. LU Guoyang *(Chairperson)* (appointed on 25 January 2025)
Ms. TAM Yuk Yu (appointed on 25 January 2025)
Dr. WANG Pang Paul (appointed on 25 January 2025)
Mr. LAI Wai Chi *(Chairperson)* (removed on 25 January 2025)
Mr. DENG Heng (removed on 25 January 2025)
Mr. YAO Guoliang (removed on 25 January 2025)

### Nomination Committee

Mr. WANG Qihong *(Chairperson)* (appointed on 25 January 2025)
Dr. WANG Pang Paul (appointed on 25 January 2025)
Ms. TAM Yuk Yu (appointed on 25 January 2025)
Mr. DENG Heng *(Chairperson)* (removed on 25 January 2025)
Mr. YAO Guoliang (removed on 25 January 2025)
Mr. LAI Wai Chi (removed on 25 January 2025)

# Corporate Information

## COMPANY SECRETARY

Ms. KWAN Pui Shan (appointed on 25 January 2025)
Mr. LEUNG Chin Ho (resigned on 24 January 2025)

## AUTHORISED REPRESENTATIVES

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

## LEGAL ADVISER AS TO HONG KONG LAW

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

## REGISTERED OFFICE

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

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

19th Floor, Heng Shan Centre
145 Queen's Road East
Wan Chai
Hong Kong

## INDEPENDENT AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## PRINCIPAL BANKERS

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

## WEBSITE

www.strongpetrochem.com

## SHARE INFORMATION

The Stock Exchange of Hong Kong Limited
Stock code: 00852

# Five-Year Financial Summary

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

| | **2025** | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| **Results (HK$'000)** | | | | | |
| Revenue | **1,629,766** | 1,598,068 | 1,266,376 | 923,115 | 810,612 |
| (Loss) profit before taxation | **(243,616)** | (326,198) | (88,965) | 13,562 | 13,920 |
| Income tax expense | **(2,634)** | (4,085) | (7,274) | (7,828) | (7,696) |
| (Loss) profit for the year | **(246,250)** | (330,283) | (96,239) | 5,734 | 6,224 |
| **Assets and Liabilities (HK$'000)** | | | | | |
| Total assets | **1,199,757** | 2,069,756 | 1,588,017 | 1,478,578 | 1,628,476 |
| Total liabilities | **(470,191)** | (1,113,317) | (290,634) | (82,449) | (189,615) |
| Total equity | **729,566** | 956,439 | 1,297,383 | 1,396,129 | 1,438,861 |

# Chairman's Statement

**To all shareholders,**

I present herewith the audited consolidated financial results of the Group for the year ended 31 December 2025 (the "Year").

Revenue for the Year was approximately Hong Kong ("HK") dollar ("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 AND PROSPECTS

### Trading of Commodities

During the Year, the Group's crude oil trading activities were minimal, with only one transaction undertaken. The current management of the Company (the "Management") has adopted a cautious stance towards crude oil trading, prioritising stability and disciplined risk management in light of ongoing market volatility and the withdrawal of all banking facilities towards year-end.

Brent crude oil prices remained highly volatile in 2025, influenced by geopolitical tensions, supply adjustments by major producers, and uneven global demand. Brent crude oil prices opened the Year at around United States dollar ("US$") 76 per barrel, briefly peaked above US$80 per barrel in January, and subsequently fluctuated mostly between US$59 and US$77 per barrel during the remainder of 2025, before closing the Year at around US$60 per barrel. The Group continued to monitor these developments closely, while focusing on resilience in its trading operations.

The Russia — Ukraine conflict continued to reshape global energy markets. Heightened instability in the Middle East contributed to supply concerns and underscored vulnerabilities in global trade flows. The International Energy Agency highlighted the situation as a significant energy security risk. Against this backdrop, the Group maintained a diversified trading portfolio to mitigate exposure and concentrate on markets with sustained demand.

Trading in petroleum products and petrochemicals continued to represent a significant share of the Group's business, though volumes and revenue moderated during the Year. The Caixin China General Manufacturing Purchasing Managers' Index fluctuated between 48.3 and 51.2 during the Year, with only May 2025 falling below the 50.0 threshold. This indicates that manufacturing activity in the People's Republic of China (the "PRC") was mostly in expansion territory throughout the Year, albeit at a moderate pace. The Group leveraged the environment to sustain its trading presence and reinforce its diversified approach to commodities trading.

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

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

During the Year, Strong Nantong maintained operations and service delivery under challenging market conditions. Revenue from storage and related services was under pressure, reflecting the difficult industry environment. Even so, the company continued to support customer needs and uphold service standards, reinforcing its role in the Group's logistics platform. The management is committed to working diligently to enhance the performance of Strong Nantong and ensure it remains a core component of the Group's logistics infrastructure.

### Exploration, Exploitation and Operation of Crude Oil

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

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

Throughout the Year, Pan-China focused on maintaining stable operations and improving production efficiency to support long-term value creation. With a disciplined approach to field development and production planning, operations remained efficient despite fluctuations in global energy markets.

The petroleum contract, originally signed in 1997 for a maximum term of 30 years, remains a key framework for Pan-China's operations and is set to expire in September 2027. During the Year, the Group continued to advance discussions on securing an extension of the petroleum contract, ensuring continuity in its oil and gas operations. The Management has begun to see encouraging progress in these negotiations and remains diligent in pursuing the extension to safeguard the Group's interests in the sector.

### Manufacture of Petrochemicals

Fujian Hong Kong Petrochemical Limited ("Fujian Petrochemical"), our indirect wholly owned subsidiary of the Company, advanced the development of its petrochemicals manufacturing plant (the "Fujian Plant") in Quanzhou, Fujian Province, the PRC during the Year. The Fujian Plant commenced trial operations in March 2025, representing a significant step forward in the Group's expansion into petrochemicals manufacturing. While initial operations were affected by start up challenges and market volatility, the company continued to refine its processes and strengthen its foundation for future growth. The Styrene Ethylene Butylene Styrene Thermoplastic Elastomer (the "SEBS Project"), recognised as a provincial key project, is progressing with strong support from the local government. The Group remains confident that Fujian Petrochemical will contribute meaningfully to its long term strategy and broaden its product portfolio.

# Chairman's Statement

## Prospect

### Strengthening Oversight and Corporate Governance

During 2025, the Group substantially completed two major governance initiatives: the independent forensic investigation and the independent internal control review. The forensic investigation report was issued in September 2025, and although further queries from The Stock Exchange of Hong Kong Limited (the "Stock Exchange") led the investigator to refine the report and obtain additional evidence, the conclusion — subsequently reaffirmed in June 2026 remained unchanged — the allegations raised had no material financial or operational impact on the Group. The independent board committee, having reviewed the findings, is further of the view that there is no reasonable regulatory concern regarding the integrity, competence, or character of the current Management. In parallel, the Company engaged an internal control adviser to conduct a two-phase independent review covering the period from April 2024 to January 2026. The internal control adviser's final report, published in June 2026, confirmed that identified deficiencies had been rectified and that enhanced internal control measures were effectively implemented. The board of directors of the Company (the "Directors", collectively, the "Board") is satisfied that the Group now has in place adequate systems and procedures to comply with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). These steps demonstrate the Group's commitment to transparency, compliance, and restoring stakeholder confidence, while continuing to work towards fulfilling resumption guidance and reinstating trading of the shares of the Company (the "Shares") on the Stock Exchange.

### Advancing Oil and Gas Development

Pan-China continued to operate the Kongnan Block during the Year, with annual crude oil output decreasing slightly compared to 2024. The decline was primarily due to the fact that the petroleum contract extension has not yet been signed, rather than operational inefficiencies. Securing the extension of the petroleum contract beyond 2027 remains a strategic priority. During the Year, the Group advanced negotiations and has begun to see encouraging progress. The Management remains diligent in pursuing the extension to safeguard the Group's long-term interests in the sector.

### Progress in Petrochemicals Manufacturing

Fujian Petrochemical commenced trial operations at the Fujian Plant in mid-March 2025. The ramp-up phase was challenging, with high raw material costs and trial production requirements leading to a gross loss for the Year. The Management is focused on improving efficiency and refining processes to support sustainable performance.

### Strategic Direction for 2026

Looking ahead, the Group will prioritise stabilising operations at the Fujian Plant, advancing the petroleum contract extension, strengthening its trading business, and continuing to work towards the resumption of trading of the Shares on the Stock Exchange. Against a backdrop of geopolitical and market challenges, the Group intends to strengthen its resilience by enhancing risk controls, driving operational improvements, and pursuing measured growth opportunities.

# Chairman's Statement

## APPRECIATION

On behalf of the Board, I would like to extend our sincere gratitude to our shareholders, business partners, and colleagues for their continued confidence and support.

This Year marked a period of consolidation and renewal. With strengthened governance measures, enhanced internal controls, and a clear focus on resumption of trading of the Shares, the Group has taken important steps toward restoring stakeholder confidence. We are deeply appreciative of the resilience and dedication shown by our team during this journey.

As the Board continues to evolve, we value the contributions of both long-standing colleagues and newly appointed Directors, whose perspectives and commitment have been instrumental in guiding the Company forward. Together, we will continue to build resilience, pursue disciplined growth, and position the Group for long-term success.

**Wang Qihong**
*Chairman*

Hong Kong, 31 July 2026

# Management Discussion and Analysis

## 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 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 continued to operate three blocks within the 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 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 SEBS 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.

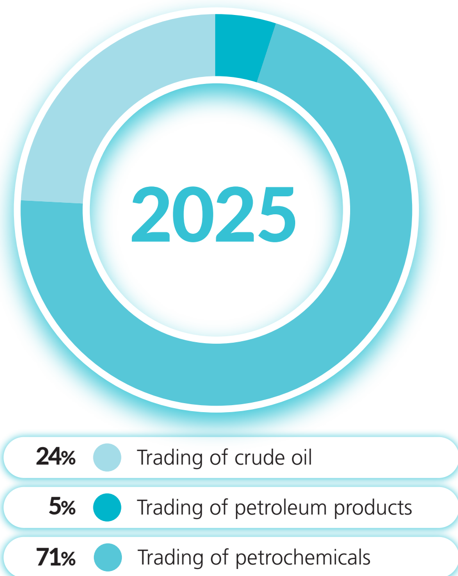
## FINANCIAL REVIEW

### 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 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 report, 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 Annual Report.

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

### (2) Resumption Guidance

As stated in the announcement of the Company dated 11 March 2025, the Stock Exchange has set out the following Resumption Guidance for the Company: (a) conduct an independent forensic investigation into the Matters, assess the impact on the Company's business operation and financial position, announce the findings and take appropriate remedial actions; (b) demonstrate that there is no reasonable regulatory concern about the integrity, competence and/or character of the Group's management and/or any person with substantial influence over the Company's management and operations, which may pose a risk to investors and damage market confidence; (c) conduct an independent internal control review and demonstrate that the Company has in place adequate internal controls and procedures to comply with the 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 report, 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 Annual Report, 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 report, there have been no other material subsequent events following the end of the Year up to the date of this Annual Report.

### Employees

The number of employees of the Group 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.

# Biographical Details of Directors and Senior Management

## EXECUTIVE DIRECTORS

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

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

## NON-EXECUTIVE DIRECTOR

**Mr. WANG Jian Sheng**, aged 72, was an executive Director from 1 February 2008 and the chairman of the Company (the "Chairman") from 1 February 2008 to 2 October 2024. He was redesignated as a non-executive Director ("NED") on 25 January 2025. He had served as a member of the Remuneration Committee from 28 November 2008 to 2 October 2024 and the chairperson of the Nomination Committee from 16 March 2012 to 2 October 2024. In October 2000, Mr. Wang Jian Sheng invested in the Group and acted as a substantial shareholder. At the same time, he joined the Group as a supervisor. He graduated from Henan University of Science and Technology, previously known as Luoyang Industrial College, with a bachelor degree in metallic materials and heat process. Mr. Wang Jian Sheng is a director of Speed Success.

# Biographical Details of Directors and Senior Management

## INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

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

# Biographical Details of Directors and Senior Management

## SENIOR MANAGEMENT

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

**Mr. ZHANG He ("Mr. Zhang")**, aged 66, was appointed as the Head of Greater China of the Company on 25 January 2025. He obtained a bachelor's degree in economics from Renmin University of China in 1982. Before joining the Group, he worked as an auditor at Deloitte International Tokyo Office and a lecturer at Renmin University of China. He later held executive positions in financial management at major corporations, including Beijing Everbright Industrial Corporation, China Everbright Group, and Everbright International Trading Corporation, as well as senior leadership roles at various companies listed on the main board of the Stock Exchange, such as China Daye Non-Ferrous Metals Mining Limited (stock code: 661). From March 2013 to October 2024, Mr. Zhang served as the main representative of Greater China for the Company. With over four decades of expertise in financial management, corporate governance, investment strategy, and oil trading, he is responsible for managing and coordinating all domestic subsidiaries affiliated with the Company, overseeing strategic development, risk management, and market expansion across Greater China.

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

# Corporate Governance Report

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

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

## THE BOARD

### Responsibilities

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

During the Year, the role of the then Chairman (Mr. Deng Heng who ceased to be the Chairman on 25 January 2025) and the Current Chairman (Mr. Wang Qihong who was appointed on 25 January 2025), is separated from that of the then chief executive officer of the Company ("CEO"), Mr. Yao Guoliang who ceased to be the CEO on 25 January 2025. The role of CEO has been temporarily vacant since 25 January 2025 while the responsibilities of the CEO are taken up by executive Directors temporarily. Their respective responsibilities are clearly defined and segregated to reinforce their independence and accountability.

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

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

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

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

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

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

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

### Diversity Policy

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

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

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

The Company values gender diversity across all levels of the Group. The employee gender ratio (male:female) as at 31 December 2025 is 232:61. The Group, when hiring employees, considers a number of factors, including but not limited to gender, age, cultural and education background, qualification, ethnicity, professional experience, skills, knowledge and length of service, and the Group will make sure achieving gender diversity across the workforce. The Board is satisfied that the Company has achieved gender diversity in its workforce.

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report on pages 37 to 102 of this Annual Report.

### Delegation by the Board

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

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

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

## BOARD COMPOSITION, BOARD AND COMMITTEE MEETINGS

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

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

### Practices and Conduct of Meetings

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

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

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

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

## BOARD COMMITTEES

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

### Audit Committee

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

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

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

#### Relationships with the Company's auditor

(i) To act as the key representative body for overseeing the Company's relation with the external auditor, and to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to consider any questions of their resignation or dismissal.

(ii) To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable accounting standard, and to discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences.

(iii) To develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed.

**Review of the Company's financial information**

(iv) To monitor integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on:

(a) any changes in accounting policies and practices;

(b) major judgmental areas;

(c) significant adjustments resulting from audit;

(d) the going concern assumptions and any qualifications;

(e) compliance with accounting standards; and

(f) compliance with the Listing Rules and legal requirements in relation to financial reporting.

(v) Regarding (iv) above:

(a) members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the Company's auditor; and

(b) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditor.

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

(vi) To review the Company's financial controls, and unless expressly addressed by a separate risk committee, or by the Board itself, to review the Company's risk management and internal control systems.

(vii) To identify the risk of the Group and decide on risk levels and risk appetite.

(viii) To approve major decisions affecting the Group's risk profile or exposure and give such guidelines as it considers appropriate.

(ix) To consider the effectiveness of decision making processes in crisis and emergency situations.

(x) To discuss the risk management and internal control system with the Management to ensure that the Management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

(xi) To consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the Management's response to these findings.

(xii) Where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness.

(xiii) To review the Group's financial and accounting policies and practices.

(xiv) To review the external auditor's management letter, any material queries raised by the auditor to the Management about accounting records, financial accounts or systems of control and the Management's response.

(xv) To ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter.

(xvi) To report to the Board on the matters set out herein.

(xvii) To consider other topics, as defined by the Board.

(xviii) To review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

During the Year, the Audit Committee did not complete its usual review of financial results, internal audit, risk management, asset impairment or connected transactions, as the Company's governance focus was directed to matters overseen by the independent board committee, including the forensic investigation. While the external auditor, Messrs. BDO Limited, commenced audit work during the Year, the Audit Committee deferred its substantive review and discussion of audit-related matters to the year ending 31 December 2026, when circumstances permitted the resumption of its normal duties.

Regarding the appointment of the auditor, the Audit Committee unanimously approved the re-appointment of Messrs. BDO Limited as auditor of the Company for the year ending 31 December 2026.

During the Year, the Audit Committee did not convene meetings for the review of financial results or internal controls, as its members were engaged in governance matters through the independent board committee. Accordingly, the Audit Committee's audit-related duties under its terms of reference and the CG Code were deferred, with the relevant work resumed in the year ending 31 December 2026. The external auditor commenced audit procedures during the Year, but the Committee's formal consideration of those matters took place in the year ending 31 December 2026.

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

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

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

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

Subsequent to the Year end, the Audit Committee has reviewed the Group's audited consolidated financial statements for the year 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.

### Remuneration Committee

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

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

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

(i) To make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.

(ii) To review and approve the Management's remuneration proposals with reference to the Board's corporate goals and objectives.

(iii) Either:

(a) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management; or

(b) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management.

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

(iv) To make recommendations to the Board on the remuneration of non-executive Directors.

(v) To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group.

(vi) To review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive.

(vii) To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and that are otherwise reasonable and appropriate.

(viii) To ensure that no Director or any of his or her associates is involved in deciding his or her own remuneration.

(ix) To review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

During the Year, the Remuneration Committee did not convene any formal meetings. Instead, the Remuneration Committee discharged its responsibilities by way of written resolutions, including the approval of the remuneration packages of the newly appointed Directors and senior management.

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

For details of the remuneration of the Directors during the Year, please refer to Note 11 to the consolidated financial statements.

According to code provision E.1.5 of the Corporate Governance Code, the remuneration for members of the senior management of the Company for the year ended 31 December 2025 within the following bands is set out below:

| | **Number of Persons** |
|---|---|
| Nil – HK$1,000,000 | 1 |
| HK$1,000,001 – HK$2,000,000 | 2 |
| HK$4,000,001 – HK$5,000,000 | 1 |

The remuneration details of all Directors and the five persons with the highest remuneration (other than Directors) for the year ended 31 December 2025 are set out in Notes 10 and 11 to the consolidated financial statments.

## Nomination Committee

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

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

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

(i) To review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

(ii) To be responsible for nominating for the approval of the Board, candidates to fill Board vacancies as and where they arise.

(iii) Before appointment is made by the Board, evaluate the balance of skill, knowledge and experience on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment.

(iv) To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships.

(v) To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the CEO.

(vi) To assess the independence of INEDs.

(vii) To review the Board Diversity Policy and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and make disclosure of its review results in the Corporate Governance Report of the Company.

(viii) To do any such things to enable the Nomination Committee to discharge its duties conferred on it on by the Board.

During the Year, the Nomination Committee did not convene any formal meetings. Instead, the Nomination Committee discharged its responsibilities by way of written resolutions, including the consideration and approval of the appointment and redesignation of Directors following the removal of certain Directors at the extraordinary general meeting (the "EGM") held on 25 January 2025.

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

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

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

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

## Meetings Held and Attendance

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

| | Meetings attended/Meetings held | | | | | |
|---|---|---|---|---|---|---|
| **Name of Director** | **Board** | **Audit Committee** | **Remuneration Committee** | **Nomination Committee** | **EGM held on 15 January 2025 (adjourned)** | **EGM held on 25 January 2025** |
| **Executive Directors** | | | | | | |
| Dr. Wang Pang Paul | 7/7 | N/A | 0/0 | 0/0 | N/A | N/A |
| Mr. Cao Xinzhong | 7/7 | N/A | N/A | N/A | N/A | N/A |
| Mr. Wang Jian Sheng (redesignated as Non-executive Director on 25 January 2025) | *note 1* | N/A | N/A | N/A | 1/1 | 1/1 |
| Mr. Yao Guoliang (removed on 25 January 2025) | *note 1* | N/A | *note 2* | *note 3* | 1/1 | 0/1 |
| Dr. Ma Yi (removed on 25 January 2025) | *note 1* | N/A | N/A | N/A | 1/1 | 1/1 |
| Dr. Tan Xiao (removed on 25 January 2025) | *note 1* | N/A | N/A | N/A | 1/1 | 1/1 |
| **Non-executive Directors** | | | | | | |
| Mr. Wang Jian Sheng (redesignated from Executive Director on 25 January 2025) | 7/7 | N/A | N/A | N/A | 1/1 | 1/1 |
| Mr. Guo Yan Jun (appointed on 25 January 2025 and resigned on 8 July 2025) | 4/4 | N/A | N/A | N/A | N/A | N/A |
| **Independent Non-executive Directors** | | | | | | |
| Mr. Wang Qihong (appointed on 25 January 2025) | 7/7 | 0/0 | N/A | 0/0 | N/A | N/A |
| Dr. Lu Guoyang (appointed on 25 January 2025) | 7/7 | 0/0 | 0/0 | N/A | N/A | N/A |
| Ms. Tam Yuk Yu (appointed on 25 January 2025) | 7/7 | 0/0 | 0/0 | 0/0 | N/A | N/A |
| Mr. Deng Heng (removed on 25 January 2025) | *note 1* | *note 4* | *note 2* | *note 3* | 1/1 | 0/1 |
| Ms. Jiao Jie (removed on 25 January 2025) | *note 1* | *note 4* | N/A | N/A | 1/1 | 0/1 |
| Mr. Lai Wai Chi (removed on 25 January 2025) | *note 1* | *note 4* | *note 2* | *note 3* | 1/1 | 1/1 |

*Note:*

1. Since the minutes for the Board meetings held between 1 January 2025 and 24 January 2025 were missing, the Company is unable to provide the relevant data.

2. Since the minutes for the Remuneration Committee meetings held between 1 January 2025 and 24 January 2025 were missing, the Company is unable to provide the relevant data.

3. Since the minutes for the Nomination Committee meetings held between 1 January 2025 and 24 January 2025 were missing, the Company is unable to provide the relevant data.

4. Since the minutes for the Audit Committee meetings held between 1 January 2025 and 24 January 2025 were missing, the Company is unable to provide the relevant data.

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

Apart from the EGM held on 15 January 2025, which was adjourned to and convened on 25 January 2025, details of which are disclosed in the announcements of the Company dated 30 October 2024, 11 November 2024, 19 November 2024, 27 December 2024, 17 January 2025 and 27 January 2025. Save as disclosed above, the Company has not held any other general meetings during the Year.

## CORPORATE GOVERNANCE FUNCTIONS

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

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding the Directors' securities transactions. Having made specific enquiries by the Company, 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.

## DIVIDEND POLICY

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

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

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

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

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

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

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

## INDUCTION AND CONTINUOUS DEVELOPMENT OF DIRECTORS

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

During the Year, the Company provided continuous professional training and all current Directors (namely, Dr. Wang Pang Paul, Mr. Cao Xinzhong, Mr. Wang Jian Sheng, Mr. Guo Yan Jun (resigned on 8 July 2025), Mr. Wang Qihong, Dr. Lu Guoyang, Ms. Tam Yuk Yu) received regular updates and presentations on changes and developments to the Group's business and to the legislative and regulatory environments in which the Group operates to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are also encouraged to attend relevant training courses at the Company's expense.

During the Year, the Company Secretary provided all current Directors (namely, Dr. WANG Pang Paul, Mr. Cao Xinzhong, Mr. Wang Jian Sheng, Mr. Guo Yan Jun (resigned on 8 July 2025), Mr. Wang Qihong, Dr. Lu Guoyang and Ms. Tam Yuk Yu) with the latest information on the Listing Rules and other applicable requirements, so as to update and strengthen the Directors' awareness of the development of corporate governance, and maintained records of training participated by the Directors. The means of such training are as follows:

| Name of Directors | Reading Materials | Seminars/talks/ training courses |
|---|---|---|
| **Executive Directors** | | |
| Dr. Wang Pang Paul (appointed on 25 January 2025) | ✓ | ✓ |
| Mr. Cao Xinzhong (appointed on 25 January 2025) | ✓ | ✓ |
| Mr. Wang Jian Sheng (redesignated to Non-executive Director on 25 January 2025) | ✓ | ✓ |
| Mr. Yao Guoliang (removed on 25 January 2025) | *note* | *note* |
| Dr. Ma Yi (removed on 25 January 2025) | *note* | *note* |
| Dr. Tan Xiao (removed on 25 January 2025) | *note* | *note* |
| **Non-executive Directors** | | |
| Mr. Wang Jian Sheng (redesignated from Executive Director on 25 January 2025) | ✓ | ✓ |
| Mr. Guo Yan Jun (resigned on 8 July 2025) | ✓ | ✓ |
| **Independent Non-executive Directors** | | |
| Mr. Wang Qihong (appointed on 25 January 2025) | ✓ | ✓ |
| Dr. Lu Guoyang (appointed on 25 January 2025) | ✓ | ✓ |
| Ms. Tam Yuk Yu (appointed on 25 January 2025) | ✓ | ✓ |
| Mr. Deng Heng (removed on 25 January 2025) | *note* | *note* |
| Ms. Jiao Jie (removed on 25 January 2025) | *note* | *note* |
| Mr. Lai Wai Chi (removed on 25 January 2025) | *note* | *note* |

All current Directors read materials relevant to the Company's business or to their duties and responsibilities.

All current Directors understand the importance of continuous professional development and are committed to participating in any suitable training to develop and refresh their knowledge and skills.

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

## COMPANY SECRETARY

The appointment and removal of the Company Secretary is subject to the Board's approval in accordance with the Company's articles of association. Mr. Leung Chin Ho ("Mr. Leung") had been appointed as the Company Secretary since 13 December 2024 and he resigned as the Company Secretary with effect from 24 January 2025. Ms. Kwan has been appointed as the Company Secretary with effect from 25 January 2025.

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

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

The Company Secretary is responsible for facilitating the Board's processes and communications among Board members, with shareholders and with the Management. The Company Secretary will undertake at least 15 hours of relevant professional training in the year ending 31 December 2026 to update her skills and knowledge.

## ACCOUNTABILITY AND AUDIT

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

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

The statement of the external auditor about the reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 117 to 124 of the annual report.

## AUDITOR'S REMUNERATION

Auditors' remuneration in relation to audit amounted to approximately HK$6,351,000 for the Year. Messrs. BDO Limited, the external auditor, is refrained from engaging in non-assurance services except for limited tax related services or specifically approved items. No non-audit service was provided by Messrs. BDO Limited. The Audit Committee reviews and approves statutory audit scope and non-audit services of Messrs. BDO Limited.

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

| | **HK$'000** |
|---|---|
| Audit services: | |
| — Messrs. BDO Limited | **6,000** |
| — Singapore subsidiary's auditor | **166** |
| — The PRC subsidiaries' auditors | **32** |
| | **6,198** |
| Non-audit services *(note)*: | |
| — Messrs. BDO Limited | **–** |
| | **6,198** |
| Disbursement charged by auditors | **153** |
| | **6,351** |

*note:* Messrs. BDO Limited performed agreed-upon procedures engagement on the annual results announcement for the Year. The related fee was included in the audit fee of HK$6,000,000.

## RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

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

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

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

## INVESTOR RELATIONS AND SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

Strong Petrochemical Holdings Limited
19th Floor, Heng Shan Centre, 145 Queen's Road East, Wan Chai, Hong Kong
Tel: (852) 2834 3393
Email: info@strongpetrochem.com

There was no change to the Company's memorandum and articles of association during the year ended 31 December 2025.

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

# Environmental, Social and Governance Report

## ABOUT THIS REPORT

### Purpose and Objective

The Group is pleased to present the Environmental, Social and Governance ("ESG") Report 2025 (the "Report") to our stakeholders. This Report aims to provide our key stakeholders with a clear and transparent overview of its sustainability management approach, strategies, policies, initiatives, and performance of our material sustainability issues, enabling them to deepen their understanding of the Group and our ESG efforts.

### Reporting Scope and Period

Unless otherwise stated, the reporting scope includes the locations where the Group operates our core business operations, including the (i) trading of commodities ("trading business"), (ii) storage and other ancillary services for petroleum products and petrochemicals ("storage business"), (iii) oil and gas operations ("exploration, exploitation and operation of crude oil business"), as well as (iv) manufacturing of petrochemicals ("petrochemicals manufacture business"), in the PRC, Hong Kong and Singapore, which account for 100% of the Group's total revenue for the period from 1 January 2025 to 31 December 2025 (the "Reporting Period").

The reporting boundary is determined according to the corresponding materiality of each business segment to our business and operations and its impact on sustainable development. As the Fujian Plant, which operates under the petrochemicals manufacturing business, commenced trial operations in March 2025, it was newly included in the reporting scope to provide a more comprehensive representation of the Group's sustainability performance. Meanwhile, Macao was removed from the reporting scope during the Reporting Period due to the suspension of business operations in the region.

### Reporting Standards

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

## Reporting Principles

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

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

## Access to this Report

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

## Your Feedback

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

| Strong Petrochemical Holdings Limited | |
|---|---|
| Address: | 19th Floor, Heng Shan Centre, 145 Queen's Road East, Wan Chai, Hong Kong |
| Tel: | (852) 2834 3393 |
| Email: | info@strongpetrochem.com |

## ABOUT STRONG PETROCHEMICAL HOLDINGS LIMITED

### Our Business Overview

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

**Trading Business**

- Petroleum products
- Petrochemicals
- Crude oil

**Storage Business**

- Provision of general storage and other ancillary services in respect for petroleum products and petrochemicals

**Exploration, Exploitation and Operation of Crude Oil Business**

- Participation in and operation of crude oil production activities under the production sharing contracts

**Petrochemicals Manufacture Business**

- Comprising the production and sale of petrochemical products manufactured by the Group

### Our Culture

**Vision**

- Committed to be a responsible and respectable energy company through sustainable development strategies and flexible business explorations

**Mission**

- Endeavouring to create values and bring benefits to stakeholders and society by providing premium products and quality services

Details of our corporate culture are set out in the 'Corporate Governance Report' section of this Annual Report.

## OUR APPROACH TO SUSTAINABILITY

### ESG Management Approach and Strategy

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

**Creating Value for Our Customers**

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

**Goal:**

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

**Creating Value for Our People**

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

**Goal:**

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

**Creating Value for Our Environment**

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

**Goal:**

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

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

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

### ESG Governance and Board's Oversight

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

- Developing and reviewing of our ESG-related strategies, frameworks, priorities, goals and targets;
- Identifying, evaluating, prioritising, reviewing and managing material ESG-related risks and opportunities (including but not limited to climate and supply chain related risks and opportunities);
- Reviewing and formulating of the implementation of ESG-related policies and practices;
- Monitoring and reviewing our ESG performance and progress against any targets and goals; and
- Preparing an annual ESG report on its activities for Board's approval.

## ESG Risk and Opportunity Management

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

The Group has conducted an ESG-related risk and opportunity assessment to enhance our resilience and ensure sustainable value creation. The details of the steps of the Group's ESG risk and opportunity management process are as follows:

**1. Identification**

- Assesses risks and opportunities with reference to local and international reporting frameworks, latest market analysis, industry research, regulatory updates and internal reviews, including the Sustainability Accounting Standards Board ("SASB") Standards, the International Financial Reporting Standard S1 — General Requirements for Disclosure of Sustainability-related Financial Information ("IFRS S1"), the International Financial Reporting Standard S2 — Climate-related Disclosures ("IFRS S2"), and MSCI's ESG Industry Materiality Map
- Identifies and discloses climate-related risks and opportunities in response to increasing stakeholder concerns. For further details, please refer to the "Climate Scenario Analysis" section

**2. Evaluation**

- Evaluates the potential impacts and likelihood of the identified key ESG-related risks and opportunities by considering both quantitative and qualitative factors. Quantitative inputs are informed by historical data, while qualitative considerations include industry trends, economic conditions, and recent major events and disasters

**3. Prioritisation**

- Prioritises key ESG risks and opportunities by assessing their potential impact and likelihood of identified risks and opportunities
- Integrates climate-related risks and opportunities with other risk and opportunity categories to ensure consistent evaluation within the Group's overall risk and opportunity management framework

**4. Management and Mitigation**

- Implements risk mitigation, internal control and transition measures to manage identified ESG risks and opportunities through the ESG Task Force, with execution assigned to relevant operational units

**5. Reporting**

- Reports the results of ESG risk and opportunity assessments, together with relevant issues, to the Board for discussion, review and recommendation

### Stakeholder Engagement

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

#### Shareholders and Investors

- Annual general meeting
- Shareholder meetings
- Financial reports
- Announcements and circulars

#### Employees

- Annual general meeting
- Shareholder meetings
- Financial reports
- Announcements and circulars

#### Customers

- Customer satisfaction survey
- Customer service hotline or email
- Company website

#### Media

- Customer service hotline or email
- Company website
- ESG reports
- Media channels

#### Suppliers and Service Providers

- Procurement process
- On-site visits
- Supplier audit and assessment
- Supplier management meetings
- Emails

#### Regulatory Bodies and Government Authorities

- Compliance officer
- Legal adviser
- On-site inspections

#### Community and Non-governmental Organisations

- Procurement process
- On-site visits
- Supplier audit and assessment
- Supplier management meetings
- Emails

### Materiality Assessment

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

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

**1 Identification**

The identification of a total of 23 ESG-related material issues was informed by our business knowledge, industry trends, peer benchmarking and stakeholder feedback.

**2 Prioritisation**

Internal and external stakeholders were invited to participate in an online survey, providing ratings for the importance of each ESG issue.

**3 Validation**

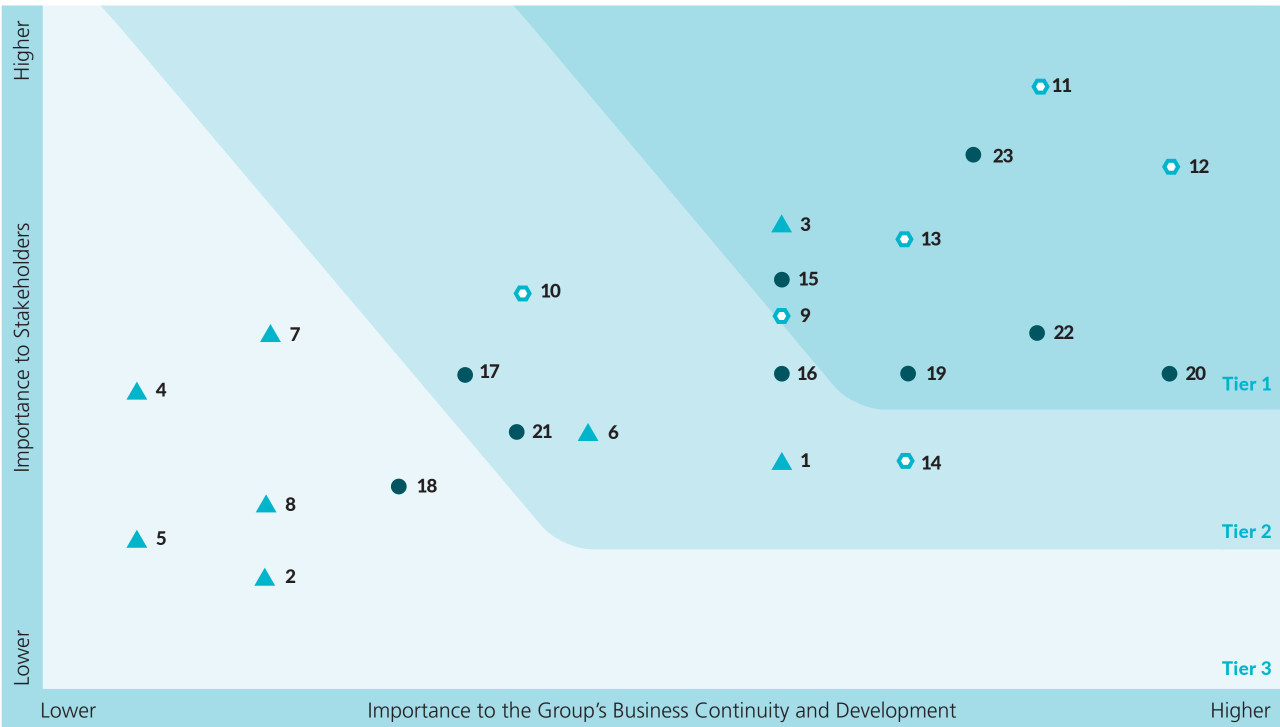
The survey results were analysed to develop a materiality matrix. The prioritised list of 10 most material issues were presented to the ESG Task Force and the Board for discussion and validation.

### Materiality Matrix

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

During the Reporting Period, a total of 10 issues from Tier 1 were prioritised as the most material issues for us to address and report on.

Materiality Matrix




Tier 1: Most Material Issues
Tier 2: Moderate Material Issues
Tier 3: Less Material Issues

Creating Value to Our People | Creating Value to Our Environment | Creating Value to Our Customers

### List of ESG-related Material Issues

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

## CREATING VALUE FOR OUR CUSTOMERS

### Enhancing Service Sustainability and Product Quality

**Goal:**

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

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

- Social risk in supply chain
- Intellectual property rights management
- Data protection and cybersecurity
- Anti-competitive behaviour
- Anti-corruption

Elevating the customer experience is our top priority, and the Group firmly believes that integrating sustainable practices into our products and services is crucial for delivering long-term value to our customers. Our commitment is reinforced by our policies and internal guidelines.

During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations[1] relating to (i) health and safety, (ii) privacy matters relating to our products and services, (iii) methods of redress and (iv) anti-corruption.

1 Please refer to the "Significant Laws and Regulations" section for the laws and regulations significant to our business operations.

## Sustainable Supply Chain Management

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

In an effort to promote a sustainable supply chain and building upon our Sustainable Supply Chain Policy, the Group introduced a Supplier Code of Conduct and Sustainable Procurement Policy to further strengthen its supplier management system.

| 1. Supplier Selection | 2. Supply Chain Risk Management | 3. Monitoring Supplier Performance | 4. Continuous Improvement |
|---|---|---|---|
| • The Group selects all our suppliers through an open and transparent process outlined in the Supplier Selection and Fair Treatment Policy, aligning with the principles of Sustainable Procurement Policy[2]<br><br>• The Group conducts background check and on-site visits for suppliers and considers factors including the following:<br><br>o Product quality<br>o Business ethics<br>o Environmental management systems such as ISO 14001 | • The Group performs an ESG-related risk assessment to identify potential environmental and social risks of our major suppliers along the supply chain, with the goal of effectively mitigating these risks<br><br>• Our Supplier Code of Conduct sets out our sustainability expectations on our supply chain partners, including but not limited to our suppliers, contractors and subcontractors | • The Group conducts inspections and evaluations on the existing suppliers through on-site visits regularly<br><br>• The Group evaluates the performance of suppliers in terms of the following:<br><br>o Punctuality<br>o Product and service quality<br>o Efficiency<br>o Environmental performance<br>o Ethical performance<br>o Health and safety performance<br><br>• The Group offers feedback and conducts a reassessment to the suppliers if their performances fall below the Group's standards | • The Group considers suppliers' ongoing sustainability performance — including climate change, environmental management, biodiversity, labour practices, human rights, and health and safety during engagement, contract renewal, and tendering<br><br>• The Group encourages suppliers to adopt best practices in sustainable development and risk management<br><br>• The Group works to foster long-term relationships with suppliers who share the Group's sustainability values |

2 Please refer to the "Sustainable Procurement" section for further details.

| Suppliers' Rights and Empowerment |
|---|
| We believe in the importance of engaging with suppliers whose practices align with our expectations on social, environmental and ethical standards. To this end, our Supplier Code of Conduct Policy outlines sustainability expectations related to compliance, labour and human rights, health and safety, data privacy, the environment and biodiversity, as well as fair and ethical operating practices. |

As of 31 December 2025, the breakdown of major suppliers by geographical region was as follows: 94 (2024: 63) in the PRC and nil (2024: 3) in Singapore. During the Reporting Period, the aforementioned supplier engagement practices were implemented for all 94 (2024: 66) major suppliers in the Group's core businesses.

## Quality of Products and Services

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

| Policies and Measures Ensuring Quality of Products and Services | |
|---|---|
| **Supplier Quality Management** | |
| • Ensuring the quality of commodities and product specifications are agreed upon with suppliers or customers | • Implementing stringent supplier selection procedures |
| **Operational Quality Control** | |
| • Conducting regular on-site inspections by our quality assurance team to meet the Group's standards for service quality and site safety | • Performing comprehensive safety assessments on storage tanks and pipelines to prevent spills and optimise operational efficiency |
| • Maintaining clear storage procedures to prevent accidents | • Ensuring that the crude oil meets the specified water content requirements to meet customer specifications |
| • Implementing a product quality assurance system that requires mandatory final inspections and Certificates of Analysis ("COA") for all SBS, SIS, and SEBS products before delivery | |
| **Customer Feedback & Complaint Handling** | |
| • Leveraging customer feedback as a catalyst for continuous improvement, through diverse communication channels that capture customer and client expectations | • Establishing a whole-process customer satisfaction management procedure covering pre-sales, contract signing, delivery, and after-sales service to identify issues and drive continuous improvement |
| • Establishing a structured complaint handling policy with defined response times, classification levels, and escalation procedures to ensure every customer complaint is promptly received, investigated, and resolved | • Conducting root cause analysis and implementing corrective and preventive measures for confirmed quality issues, and ensuring defective returned products are kept separate and never resold |

During the Reporting Period, the Group encountered 0 material complaint[3] related to our product or service (2024: 0), and 0% of products sold or shipped were subject to recalls for safety and health reasons.

### Data Privacy Protection and Cybersecurity

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

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

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

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

| Strengthening Cybersecurity Risk Management | |
|---|---|
| Recognising the increasing importance of data privacy and cybersecurity, the Group has refined its Cybersecurity Policy during the Reporting Period to enhance protection measures and encourage adherence among the Group's associated companies, supply chain partners and other service providers. | |
| **Governance** | |
| • The Board, through Administration Department, is responsible for overseeing the Group's cybersecurity strategy, and identifying, monitoring, mitigating and managing cybersecurity risks | • The Administration Department oversees the Group's information security and the implementation of the Group's cybersecurity strategy |
| **Communication** | |
| • Internal IT Guidelines are circulated to inform the employees of their cybersecurity responsibilities | • Employees are encouraged to attend data privacy and information security training to raise awareness of cybersecurity risks |
| **Compliance** | |
| • Employees are required to comply with this Policy and other applicable IT Guidelines. The Group may initiate disciplinary action in the case of serious violation of this Policy and other applicable IT Guidelines | |
| **Monitoring and Reporting** | |
| • Internal audit for the employees' compliance with IT Guidelines are conducted | • A clear escalation process is in place to address suspicious IT issues and problems |
| • Review this Cybersecurity Policy by the Administration Department periodically for adequacy and effectiveness, as appropriate | |

### Respect for Intellectual Property Rights

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

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

As of 31 December 2025, the Group holds registered proprietorship of:

| | Hong Kong | The PRC | Macao |
|---|---|---|---|
| Trademarks | 2 (2024: 2) | 1 (2024: 1) | 1 (2024: 1) |
| Domain names | 3 (2024: 3) | 4 (2024: 4) | 2 (2024: 2) |

### Business Ethics and Integrity

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

### Policies and Procedures

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

### Whistleblowing Mechanism and Reporting Concerns

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

### Training and Awareness

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

During the Reporting Period, there were no concluded legal cases regarding corrupt practices brought against the Group or our employees (2024: Nil).

## CREATING VALUE FOR OUR PEOPLE

### Cultivating a Supportive Culture and Community Impact

**Goal:**

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

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

- Staff welfare
- Occupational health and safety
- Staff development and training
- Employment compliance

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

To that end, the Group is committed to strictly complying with applicable laws and regulations relating to employment, health and safety and labour standards in the jurisdictions where our businesses operate. During the Reporting Period, the Group was not aware of any material non-compliance of relevant employment and labour-related laws and regulations[4].

[4] Please refer to the "Significant Laws and Regulations" section for the laws and regulations significant to our business operations.

### Talent Acquisition and Retention

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

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

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

### Human Rights Protection

The Group upholds a zero-tolerance stance against the use of child and forced labour and is committed to maintaining in strict compliance with all applicable laws and regulations[5], as well as with reference to the principles articulated in the Universal Declaration of Human Rights. The applicants' identification documents and relevant working permits or certificates are carefully reviewed throughout the entire recruitment process to ensure they are of legal working age. The Group strictly follows guidelines outlined in the Staff Handbook, providing employees with sufficient rest time and necessary compensation to prevent forced labour. In the unlikely event of confirmed instances of forced labour or the misuse of child labour, swift intervention will be carried out by our HR Department to cease such infringements, ensure appropriate compensation, and investigate the matter thoroughly. Our HR Department reviews the recruitment practices regularly to ensure the effectiveness of our existing measures against child and forced labour.

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

[5] Please refer to the "Significant Laws and Regulations" section for the laws and regulations significant to our business operations.

## Remuneration and Benefits

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


Traditional Festival Employee Care

## Talent Development

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

| Orientation Training | Vocational Training | Sustainability Training |
|---|---|---|
| • New Employees Training | • Health and Safety<br>• Accounting and Finance<br>• Professional Training | • Anti-corruption<br>• ESG |

## Occupational Health and Safety

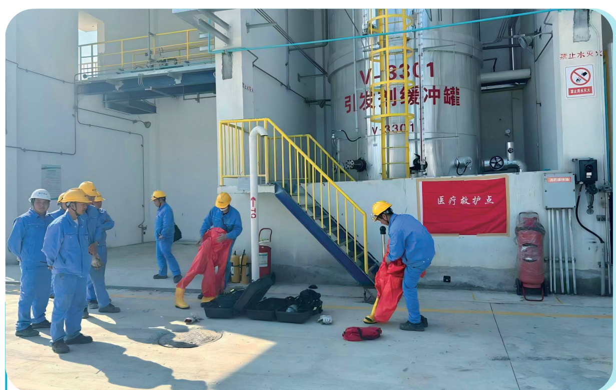
The Group is deeply committed to prioritising the health and safety of our employees, and strives to comply with applicable laws and regulations[6] to mitigate risks within our workplace. As such, the Group has established a standardised Safety Management System in accordance with applicable health and safety-related laws and regulations. Our dedication is explicitly outlined in our Health and Occupational Safety Policy, where the Group establishes a comprehensive framework and minimum health and safety requirements for our employees to adhere to.

[6] Please refer to the "Significant Laws and Regulations" section for the laws and regulations significant to our business operations.

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

- Identifying, assessing, and mitigating risks based on safety standards and guidelines
- Updating the safety standards to align with the latest industrial practices and local regulations
- Conducting regular on-site inspections and supervision to ensure a safe workplace
- Providing personal protective equipment, such as safety helmets, safety shoes, and gas masks
- Offering safety training and emergency drills to increase employees' safety awareness and responsiveness to accidents
- Implementing safety performance assessment and accountability by incorporating safety indicators into the annual performance evaluation system
- Developing comprehensive production safety and emergency response plans to ensure effective handling of various sudden production safety incidents
- Establishing safety operating procedures for relevant equipment and machinery to standardise operations and prevent accidents
- Arranging annual occupational health checks for employees to monitor their health conditions

Safety Training



Emergency Drill

During the Reporting Period, there were no lost days (2024: 0) due to work injury, nor were there any work-related casualties. In addition, there have been no work-related fatalities in the past three years including the reporting year (2024: 0).

### Case Study

**Emergency Preparedness: Building a Structured Response System at Fujian Plant**

To establish a sound emergency response mechanism and ensure timely, effective, and proper handling of production safety incidents, the Fujian Plant has developed a comprehensive emergency response plan designed to minimise losses and hazards. The plan defines a clear organisational structure led by a Commander-in-Chief and Deputy Commander, supported by an Emergency Response Officer and six functional response teams with clearly assigned roles across three emergency response levels, ensuring accountability from frontline personnel to senior management.

Recognising that different hazards require different responses, the plan incorporates dedicated contingency plans for different types of risk categories, including: (i) hazardous chemical leaks, fires and explosions; (ii) special equipment incidents; (iii) natural disasters; and (iv) major hazardous chemical sources.

In addition, the plan sets out detailed on-site emergency response procedures, including step-by-step response actions, designated responsibilities, and specific protocols for incidents, supported by an inventory of emergency equipment, external emergency contact information, and site evacuation maps to facilitate timely and effective emergency response. Through a clearly defined emergency response system, Fujian Plant strengthened its ability to protect people and minimise losses from production safety incidents.

**Safety Training: Equipping Employees for a Safer Workplace at Fujian Plant**

During the Reporting Period, the Fujian Plant conducted a series of comprehensive safety training sessions covering key areas, including workplace safety laws and regulations, fire safety, chemical and hazardous chemicals production safety, and safety protocols for special operations. These efforts effectively helped our employees raise their safety awareness and strengthen the Group's overall safety management.

## Community Investment

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

During the Reporting Period, the Group made a charitable donation of HK$500,000 to the Tung Wah Group of Hospitals, in support of those affected by the fire incident of Wang Fuk Court in Tai Po, Hong Kong. Focusing on community resilience and social well-being, this contribution aimed to provide timely assistance to affected residents and support community rehabilitation efforts, demonstrating its commitment to social responsibility and standing alongside local communities during times of need.

## CREATING VALUE FOR OUR ENVIRONMENT

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

**Goal:**

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

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

- Energy efficiency and GHG emission

The Group endeavours to operate in an environmentally conscious manner to promote environmental responsibility and address climate resilience. Policies and procedures are formulated to guide our employees in reducing environmental footprint and promoting responsible use of resources.

During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations[7] relating to air emission, discharges into water and land, and generation of hazardous and non-hazardous waste.

### Climate Resilience and Management

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

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

[7] Please refer to the "Significant Laws and Regulations" section for the laws and regulations significant to our business operations.

## Governance

### Board's Oversight

The Board has ultimate responsibility for the oversight of climate-related risks and opportunities. With the support of the ESG Task Force, the Board oversees the Group's climate-related matters, including climate change policies, the management of climate-related risks and opportunities, and the progress of the 2030 Climate Target. The ESG Task Force reports to the Board at least annually on sustainability matters in the form of meetings, covering climate-related issues, climate-related risks and opportunities, the integration of climate considerations into strategy, major transaction decisions and risk management processes, as well as progress on climate target implementation. The Board considers trade-offs between climate factors in strategy formulation, major transaction decisions and risk management processes, balancing them comprehensively with other business, financial and operational priorities, as well as the progress of the implementation of climate targets to ensure that climate considerations are incorporated into the Board's overall decision-making.

Members of the Board and the ESG Task Force possess relevant knowledge of climate-related matters and understand their impact on the Group's business and operations. The Group provides regular climate-related training and materials to ensure timely updates and informed oversight.

### Management's Role

Under the supervision of the Board, the ESG Task Force is responsible for assessing and managing climate-related risks and opportunities, planning and implementing climate-related measures, and reviewing climate-related policies, ensuring that climate considerations are embedded in daily operations.

For further details, please refer to the section "ESG Governance and Board's Oversight".

## Strategy

In response to the long-term challenges posed by climate change, the Group continues to strengthen its capabilities in identifying and managing climate-related risks and opportunities and integrates such considerations into its sustainability risk management mechanism. During the Reporting Period, we further enhanced the breadth and depth of our climate strategy planning by assessing the financial and non-financial impacts of climate change on the Group across multiple dimensions, including business operations, the supply chain and the market environment, thereby strengthening our climate resilience.

The table below summarises the material climate-related risks and opportunities we have identified, and their potential impact on our business model and value chain, as well as our response actions and transition measures over three distinct time horizons. We continue to apply time horizons that are aligned with our strategic decision-making and planning, and global and/or national best practices. However, since data availability and quantification methods continue to develop or evolve, we will continue to monitor the situation and, where feasible, disclose the concentration of climate-related risks and opportunities within our business model and value chain.

### Key Climate-Related Risks and Their Impacts

| Climate-Related Risk | Financial Impact | Non-financial Impact | Response Actions & Transition Measures |
|---|---|---|---|
| | | **Physical Risks** | |
| **Acute Risks**<br><br>S M L<br><br>**More severe and frequent extreme weather events have the potential to damage infrastructure and assets** | **Current Financial Impact**<br><br>➢ Temporary operational disruptions at sites, leading to delays<br><br>➢ Potential increase in maintenance and inspection costs to ensure safe operation<br><br>**Anticipated Financial Impact**<br><br>➢ Potential increase in operating costs for preventive measures in the short to medium term<br><br>➢ Potential increase in property insurance costs in the medium to long term | ➢ Temporary disruptions to logistics or transportation network during severe weather<br><br>➢ Extreme weather at a key supplier's location may affect their operations, causing supply disruptions to our business<br><br>➢ Potential threats to employee safety and well-being during commutes or outdoor activities | ➢ Establish a Climate Change Policy to identify, evaluate and manage climate-related issues, will be reviewed periodically<br><br>➢ Enhance emergency response plans for natural disasters, strengthen response capabilities, conduct regular flood prevention drills, and establish contingency measures<br><br>➢ Incorporate climate disaster risks into the Group's formal risk assessment framework<br><br>➢ Prioritise local and nearby suppliers to reduce potential delays arising from logistics disruptions to material supply |

| Climate-Related Risk | Financial Impact | Non-financial Impact | Response Actions & Transition Measures |
|---|---|---|---|
| **Chronic Risks**<br><br>Ⓜ Ⓛ<br><br>**Long-term changes in precipitation patterns and rising temperatures may damage operational assets** | **Current Financial Impact**<br><br>➢ Higher energy costs driven by increased cooling demand<br><br>**Anticipated Financial Impact**<br><br>➢ Potential increase in maintenance costs in the medium to long term due to heat-related stress on production equipment<br><br>➢ Potential investment in heat-resilient cooling solutions in the medium to long term<br><br>➢ Potential impairment or retirement of coastal assets, leading to higher insurance costs in the medium to long term | ➢ Prolonged high temperatures may lower labour productivity<br><br>➢ Sustained heat conditions may increase the risk of heat-related illnesses for employees<br><br>➢ The impact of rising sea levels may need to be considered in the site selection, planning and design stages of new projects | ➢ Implement preventive measures, including applying sandbags to entrances<br><br>➢ Integrate climate adaptation measures at early stages of project design and construction<br><br>➢ Implement employee protection measures during periods of sustained high temperatures |

<table>
<tr><th>Climate-Related Risk</th><th>Financial Impact</th><th>Non-financial Impact</th><th>Response Actions & Transition Measures</th></tr>
<tr><td colspan="4">Transition Risks</td></tr>
<tr><td>Market Risk<br><br>Ⓜ Ⓛ<br><br>Growing environmental awareness and the shift toward low-carbon economy are expected to increase demand for lower-carbon commodities and services</td><td>Current Financial Impact<br><br>➢ No significant financial impact at this stage<br><br>Anticipated Financial Impact<br><br>➢ Potential increase in costs for additional innovative technology development and application in the medium to long term</td><td>➢ Laggard in low-carbon transition may damage brand reputation</td><td>➢ Incorporate sustainability into investment strategies and conduct regular reviews of reporting requirements<br><br>➢ Explore the solar energy market in Hong Kong cautiously and seek new energy investment opportunities<br><br>➢ Explore diversification into lower-carbon products and expand the development and supply of clean and low-carbon energy solutions</td></tr>
<tr><td>Policies and Legal Risk<br><br>Ⓜ Ⓛ<br><br>Global and regional regulatory bodies continue to strengthen climate policies, which may significantly increase the Group's compliance costs, carbon-related expenditures, and transition risks</td><td>Current Financial Impact<br><br>➢ Increased compliance costs<br><br>Anticipated Financial Impact<br><br>➢ Policy-driven capital investments in equipment upgrades or energy replacements in the medium to long term<br><br>➢ Potentially rising operational costs due to carbon pricing mechanisms in the medium to long term</td><td>➢ Failure to meet mandatory climate disclosure requirements will severely damage brand reputation and trust among stakeholders<br><br>➢ Failure to adapt to the low-carbon economy transition may undermine market competitiveness<br><br>➢ Failure to meet regulatory requirements or demonstrate a viable transition pathway will harm the Group's reputation in the capital markets</td><td>➢ Closely monitor newly introduced climate-related government policies and integrate energy-related regulatory developments into the risk assessment process<br><br>➢ Provide internal training to management personnel to enhance their understanding of new disclosure requirements<br><br>➢ Explore to strengthen carbon asset management and incorporate carbon emission costs into cost-benefit analysis</td></tr>
</table>

Ⓢ Short-term (2030) Ⓜ Medium-term (2040) Ⓛ Long-term (2050)

**Key Climate-Related Opportunities and Their Impacts**

| Climate-Related Opportunity | Financial Impact | Non-financial Impact | Response Actions & Transition Measures |
|---|---|---|---|
| **Climate-related Opportunity** | | | |
| **Resource Efficiency**<br><br>Ⓜ Ⓛ<br><br>**By investing in high-efficiency equipment and optimising operational management, the Group can significantly reduce long-term operating costs** | **Current Financial Impact**<br><br>➢ Direct reduction in energy consumption expenditures through adoption of higher-efficiency equipment and enhanced operational management, thereby lowering operating costs<br><br>**Anticipated Financial Impact**<br><br>➢ Reduction in energy consumption lowers carbon emissions, potentially leading to future regulatory cost in the medium to long term | ➢ Reduced carbon emissions from operations helps the Group comply with stringent carbon emission regulations<br><br>➢ Demonstrated concrete actions in addressing climate change enhances brand reputation and market competitiveness | ➢ Implement environmental management policies to guide employees in reducing environmental footprint and promoting responsible resource use<br><br>➢ Optimise energy use by adopting energy-saving equipment and automating electrical systems and lighting with timers after office hours |
| **Markets**<br><br>Ⓜ Ⓛ<br><br>**The climate change crisis has catalysed a surge in socio-economic demand for low-carbon and clean energy, alongside an increase in market demand for green, low-carbon products and services** | **Current Financial Impact**<br><br>➢ Growing revenue contribution from developing and producing new energy businesses, and chemical materials<br><br>**Anticipated Financial Impact**<br><br>➢ Potential revenue growth and industrial transformation in the medium to long term through continuously exploring new growth drivers in new energy and advanced petrochemical materials sectors | ➢ Enhanced the sustainability of products and services helps shape a responsible corporate image, improves brand reputation and market competitiveness, and strengthens consumer trust and loyalty | ➢ Increase investment in the research and development of low-carbon technologies, and advance new energy technologies as well as energy-saving and emission-reduction technologies<br><br>➢ Optimise the product portfolio by developing low-carbon fuels, renewable energy products, and green petrochemical products to meet market demand for low-carbon offerings |

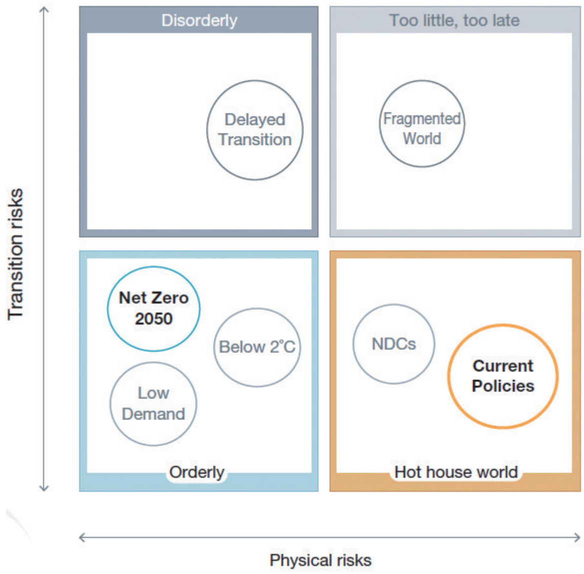
Ⓢ Short-term (2030) Ⓜ Medium-term (2040) Ⓛ Long-term (2050)

### Climate Scenario Analysis

During the Reporting Period, the Group initiated its first climate scenario analysis to assess the resilience of its strategy and business model to a range of potential climate outcomes. The analysis was conducted across core operations in the PRC and Hong Kong at the Group level and was designed to inform strategic planning and risk management. The results informed our strategic planning, risk management and resource allocation for various time horizons.

#### Scenario and Modelling Approach

We used the Network for Greening the Financial System ("NGFS")[8] as the primary dataset. We selected both low-carbon and high-carbon scenarios, namely the Net Zero 2050 scenario and the Current Policies scenario, as they are internationally recognised, publicly available and directly relevant to the Group. The scenarios were not intended to be predictions of the future; rather, they were designed to stress-test our business against several plausible future states. The uncertainty is subject to the current limitations of available literature and data in quantifying the influence of climate with a high degree of certainty. Our current approach was based on a snapshot of our current situation and assumed no change in our major business operations, operating locations or carbon mitigation measures, and no correlation between different climate risk variables. Going forward, we will continue to refine our approach to climate scenario analysis as new credible data and methodologies become available.




For the assessment, we integrated global climate models, regional climate data, and industry forecasts to evaluate physical and transition risks relevant to the Group's operations. The analysis considered physical risk indicators such as cyclones, floods, and heatwaves, as well as transition risk indicators impacting operating costs and transition pressures, including carbon pricing. The results indicate that, across all assessed scenarios, identified risks remain low. Refer to the tables below for an overview of the selected time horizons, climate scenarios, and analysis results.

The assessment results then serve as the underlying assumption for formulating the response actions.

8 NGFS is a group of central banks and supervisors who share best practices, contribute to developing climate and environment risk management in the financial sector, and mobilise mainstream finance to support the transition to a sustainable economy.

**Time Horizons and Climate Scenarios Selection**

| Risk Indicators/Variables | | Time Horizons | NGFS Scenario Selection |
|---|---|---|---|
| **Physical Risk** | **Acute Risk:**<br>• Cyclones<br>• Floods<br><br>**Chronic Risk:**<br>• Heatwaves | 2030 (short-term)<br><br>2040 (medium term)<br><br>2050 (long-term) | **Net Zero 2050 (Orderly)**<br><br>• Assumes rapid climate policy and technological transition, achieving net zero carbon dioxide ("$CO_2$") emissions by around 2050, limiting global warming to 1.5°C[9] with minimal overshoot. Physical risk is limited, while transition risk is high. |
| **Transition Risk** | **Policy and Legal Risk:**<br>• Carbon Pricing | | **Current Policies (Hot House World)**<br><br>• Assumes only existing policies are maintained, leading to continued emission growth until 2080 and warming of approximately 3°C, triggering multiple severe physical risks including irreversible impacts such as sea level rise. |

9 Aligned with the Paris Agreement's goal in limiting warming to 1.5°C above pre-industrial level.

### Scenario Analysis Results

| Risk Category | | | | Impact Level | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | The PRC | Hong Kong | Net-Zero 2050 Scenario | | | Current Policies Scenario | | |
| | | | | 2030 | 2040 | 2050 | 2030 | 2040 | 2050 |
| Physical Risk | Cyclones | ✔ | ✔ | ● | ● | ● | ● | ● | ● |
| | Floods | ✔ | ✔ | ● | ● | ● | ● | ● | ● |
| | Heatwaves | ✔ | ✔ | ● | ● | ● | ● | ● | ● |
| Transition Risk | Carbon Pricing | ✔ | ✔ | ● | ● | ● | ● | ● | ● |

Risk Level: Low ● Moderate ● High ●

### Climate Resilience and Adaptive Capacity

The results of the climate-related scenario analysis inform the Group's assessment of the resilience of its strategy and business model under different scenarios and time horizons. The analysis supports an understanding of how climate-related changes could affect the Group's operations and strategic positioning, and provides a basis for identifying areas where enhanced risk management, strategic adjustment or resource allocation may be required.

We maintain the capacity to adapt our strategy and business model over short, medium, and long term through existing risk management and strategic planning processes. Scenario analysis outcomes are incorporated into these processes to support timely decision-making, enabling the Group to respond proportionately to evolving climate-related risks and opportunities while supporting long-term operational resilience and sustainable value creation.

## Risk Management

The Board has ultimate responsibility for overseeing climate-related risks and opportunities, which are fully integrated into the Group's risk and opportunity management framework for the identification, assessment, prioritisation, management and mitigation, and reporting of risks and opportunities across multiple domains. Under the supervision of the ESG Task Force, we conduct regular sustainability risk and opportunity assessments, encompassing climate-related risks and opportunities across core operations. Based on the assessment results, the Group formulates appropriate mitigation measures to enhance its risk response capabilities and climate resilience.

For further details, please refer to the section "ESG Risk and Opportunity Management".

## Metrics and Targets

We are committed to addressing climate change and actively reducing GHG emissions within our operations. In support of the PRC's 3060 goal, namely peaking carbon emissions by 2030 and achieving carbon neutrality by 2060, and taking into account the Paris Agreement, an international climate agreement aimed at limiting global warming to 1.5°C above pre-industrial levels, the Group has formulated a clear carbon reduction pathway based on its business characteristics and is steadily advancing its low-carbon transition. Within this framework, we disclosed key climate-related metrics in our annual ESG Report, including Scopes 1, 2 and 3 GHG emissions and energy consumption, etc., and established 2030 Climate Target[10], prioritising direct emission reductions in our operations through energy efficiency measures and responsible resource management. The ESG Task Force reports to the Board on the progress of target implementation at least once a year, enabling continuous oversight and enhancement of our environmental performance.

**2030 Climate Target**

**Target Year: 2030**
**Absolute GHG (Scopes 1 & 2) emissions**

(2025 as the baseline year)

↓ **15%**

The "Performance Data Summary" section of this Report discloses the Group's direct and indirect energy consumption, as well as the corresponding GHG emissions. To strengthen carbon emissions management across the value chain, the Group disclosed Scope 3 GHG emissions (i.e., indirect GHG emissions generated from value chains) defined in the GHG Protocol for the first time, providing a basis for formulating further emission reduction strategies.

10 Our GHG target applies to our core businesses. Details of the scope are set out in the section headed "Reporting Scope and Period", and covers three GHG as defined under the Kyoto Protocol: $CO_2$, methane ($CH_4$) and nitrous oxide ($N_2O$). We will consider the potential use of quality carbon credits and/or Renewable Energy Certificates ("RECs") as part of our decarbonisation pathway and continue to monitor relevant guidance and market developments relating to carbon credits and offsets in relation to offsetting GHG emissions in achieving its GHG emission targets.

To enhance the resilience of our operations in the face of climate change, the Group has established the following green targets:

| Our Green Targets | | Baseline Year | Progress |
|---|---|---|---|
| GHG Emissions | • To reduce the absolute GHG (Scopes 1 & 2) emissions by 15% on or before 2030 | 2025 | In Progress |
| Waste | • To reduce the total non-hazardous waste intensity* by 3% on or before 2027<br>• To reduce solid and liquid hazardous waste intensity* by 3% on or before 2027 | 2022 | Achieved |
| Energy | • To reduce total energy consumption intensity* by 3% on or before 2027 | 2022 | Achieved |
| Water | • To reduce total water consumption intensity* by 3% on or before 2027 | 2022 | Achieved |

* *In terms of intensity per gross floor area ("GFA")*

Achieved In Progress

**Case Study**

**Advancing Climate Action: Accelerating Growth in Hong Kong's Solar Energy Market**

In a proactive effort to contribute to the reduction of carbon emissions, the Group has strategically entered the solar energy market in Hong Kong in recent years. During the Reporting Period, total electricity generated from solar energy system projects rose significantly, reaching approximately 2.6 times the volume produced in 2024. The Group will continue to explore opportunities to collaborate with property and landowners on solar energy system projects going forward.

**The achievement of our solar energy system projects during the Reporting Period includes:**

Generated
**1,682.33**
MWh
of solar electricity

**Safeguarding Environmental Compliance: Independent Verification at Fujian Plant**

To address environmental impacts generated during the petrochemicals manufacturing process, the Group has engaged an independent, third-party agency quarterly to conduct regular assessments covering organised and unorganised waste gas emissions, wastewater quality, and ambient noise levels during the Reporting Period. Monitoring covers key environmental indicators across air emissions, wastewater discharge, and noise levels, with results checked against national and industry emission standards. Across all testing rounds conducted during the Reporting Period, measured indicators remained within regulatory limits. The Group will continue to commission independent verification going forward, enabling more effective emission management and reinforcing its commitment to fulfilling environmental obligations across its operations.

## Energy, Air and GHG Emissions

Our main sources of air, GHG emissions and energy consumption are purchased electricity and fuel consumption of the Group's vehicles.

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

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

| Measures Tackling Energy, Air and GHG Emissions | |
|---|---|
| **Energy Saving** | |
| **Switch to energy-efficient technology**<br>Install LED lights; adopt innovative and energy-efficient equipment across all operations | **Manage office energy use**<br>Maintain 24–26°C in summer; switch off all idle electric appliances |
| **Track, monitor, and audit energy consumption**<br>Conduct regular energy audits to identify and act on savings opportunities | |
| **Air Quality and GHG Emissions Management** | |
| **Optimise vehicle operations**<br>Plan efficient driving routes, enforce engine shut-off at idle, and use low-emission vehicles with high-quality clean fuels | **Regular vehicle & equipment maintenance**<br>Qualified personnel ensure fuel efficiency and compliance with emission standards through regular maintenance and repair |
| **Control evaporation & fugitive emissions**<br>Install floating roofs and vapour reclaim systems in storage tanks; implement pipeline sealing and monitoring devices to prevent leakage, abnormal evaporation and fugitive emissions | **Treat exhaust & particulate emissions**<br>Deploy specialised air treatment systems to reduce air pollutant emissions for VOCs and NOx treatment; use mechanical ventilation in post-treatment workshops |
| **Dust & site control**<br>Implement site watering, material covering, and work suspension in high winds; commit to immediate inspections and repairs for safety and waste | **Wellbore integrity & leak detection**<br>Apply qualified drilling practices to prevent gas migration; install combustible gas leak detectors and manual alarms in tank farms for early leakage warning |
| **Low-emission fleet management**<br>Select vehicles with lower GHG profiles; promote regular maintenance and environmentally friendly driving habits to minimise emissions across the fleet | **Independent verification**<br>Test air quality through monitoring systems to ensure compliance with relevant laws and regulations; commission an independent, third-party agency to conduct sampling checks |

## Water Resources Management

The Group is committed to enhancing water efficiency, with water consumption primarily associated with our operational activities. During the Reporting Period, the Group did not encounter any difficulties in sourcing water. Emphasising wastewater management, the main sources of wastewater include initial rainwater and sanitary sewage from our storage business, and production wastewater generated by the Fujian Plant, all of which are subject to treatment and monitoring prior to discharge in compliance with applicable regulations and laws.

| Water-Saving Measures, Water Resources Protection and Wastewater Treatment | |
|---|---|
| **Water Conservation** | |
| **Greywater recycling**<br>Reuse reclaimed water from greywater recycling facilities for irrigation | **Employee water-saving practices**<br>Mandate employees to turn off water taps after use |
| **Leakage reporting**<br>Report any water leakage or drip for prompt maintenance | |
| **Water Resources Protection** | |
| **Pipeline & well site integrity**<br>Conduct regular inspections and prompt repairs of pipelines and well sites to minimise crude oil leaks | **Immediate remediation**<br>Implement immediate remediation such as cement grouting to seal compromised casings and prevent oily wastewater from contaminating aquifers |
| **Emergency monitoring & response**<br>Utilise advanced monitoring systems and ensure immediate activation of emergency response plans to mitigate groundwater impacts during incidents | |
| **Wastewater Management** | |
| **Spill prevention & drainage**<br>Install trench drains around loading areas to prevent spills; equip rain and sewage diffluence systems to recycle and cool incoming trucks | **Treatment**<br>Equip a wastewater treatment facility for proper discharge |
| **Containment & stormwater control**<br>Equip an emergency containment basin for contaminated water; install an initial rainwater collection system; apply anti-seepage treatment to key areas including wastewater equalization basin and rainwater collection pit | **Independent verification**<br>Test sewage through monitoring systems to ensure compliance with relevant laws and regulations; commission an independent, third-party agency to conduct sampling checks |

### Waste Management

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

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

| Waste Management Measures | |
|---|---|
| **Hazardous Waste Management** | |
| **Stringent treatment guidelines**<br>Establish strict guidelines for the proper treatment and handling of hazardous waste | **Designated storage areas**<br>Designate specific waste areas for safe sorting and storage of hazardous waste prior to disposal |
| **Licensed disposal partners**<br>Appoint licensed waste disposal service companies for appropriate treatment and disposal | |
| **Non-Hazardous Waste Management** | |
| **Waste sorting & source reduction**<br>Encourage general waste sorting and waste reduction at the source across all operations | **Recycling of reusable materials**<br>Implement recycling programmes for reusable materials, particularly metals |
| **Employee awareness & education**<br>Conduct annual activities such as seminars to raise waste reduction awareness among employees | |

## Noise Management

The Group regards effective noise control as a key responsibility within its ESG framework. To mitigate the impact on the surrounding environment and local community arising from our exploration, exploitation and operation of the crude oil business and petrochemicals manufacturing business, we implement the following measures:

| Noise Management Measures | |
|---|---|
| **Noise & Vibration Control** | |
| **Building & equipment insulation**<br>Implement factory building insulation to contain acoustic emissions within the facility; apply vibration damping pads and mounts to noise-generating equipment | **Mechanical noise reduction**<br>Install silencers on fans and air handling units; optimise production layout to position noisy machinery away from sensitive areas |
| **Green buffer enhancement**<br>Enhance supplementary green buffers such as trees and shrubs around the plant perimeter | **Independent verification**<br>Test noise level through monitoring systems to ensure compliance with relevant laws and regulations; commission an independent third-party agency to conduct noise level checks |

Noise levels at the factory boundary are managed to minimise potential disturbance to the surrounding community, supporting community well-being and reflecting our commitment to responsible environmental stewardship.

## Sustainable Procurement

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

- In addition to using FSC-certified eco-friendly paper and the purchase of appliances with energy labels, priority is given to suppliers committed to environmental responsibility or offering eco-friendly products and services during the selection process, such as prioritising the use of sustainable materials and products, such as those with low embodied carbon, low volatile organic compounds (VOCs), recyclability, or rapid renewability.

- The Group collaborates with local suppliers to reduce the carbon footprint from transportation.

### Biodiversity and Natural Resources

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

## LOOKING FORWARD

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

## PERFORMANCE DATA SUMMARY

### Environmental Performance[11,12]

| | Unit | 2025 | 2024[13] |
|---|---|---|---|
| **Air Emission** | | | |
| Nitrogen Oxides ($NO_x$) | kg | 449.24 | 32.78 |
| Sulphur Oxides ($SO_x$) | kg | 83.26 | 0.72 |
| Particulate Matter (PM) | kg | 7.95 | 2.41 |
| **Energy Consumption[14]** | | | |
| Total Energy Consumption | MWh | 35,253.54 | 8,713.09 |
| • Unleaded Petrol | MWh | 843.75 | 437.14 |
| • Diesel Oil | MWh | 14.78 | 7.47 |
| • Purchased Electricity | MWh | 32,183.00 | 8,268.47 |
| • Natural Gas | MWh | 2,212.01 | – |
| Total Energy Consumption Intensity | MWh/GFA ($m^2$) | 0.24 | 0.14 |
| | MWh/revenue (HK$ million) | 21.63 | 6.79 |
| **GHG Emission[15]** | | | |
| Total GHG (Scopes 1 & 2) Emission[16] | tonnes $CO_2e$ | 19,283.93 | 4,844.38 |
| Total GHG (Scopes 1, 2 & 3) Emission | tonnes $CO_2e$ | 19,673.23 | – |
| • Total Direct (Scope 1) GHG Emission | tonnes $CO_2e$ | 692.83 | 129.93 |
| • Energy Indirect (Scope 2) Emission — Location-based | tonnes $CO_2e$ | 18,591.11 | 4,714.45 |
| • Other Indirect (Scope 3) Emission[17] | tonnes $CO_2e$ | 389.30 | – |
| Total GHG (Scopes 1 & 2) Intensity | tonnes $CO_2e$/GFA ($m^2$) | 0.13 | 0.08 |
| | tonnes $CO_2e$/revenue (HK$ million) | 11.83 | 3.78 |
| Total GHG (Scopes 1, 2 & 3) Intensity | tonnes $CO_2e$/GFA ($m^2$) | 0.13 | – |
| | tonnes $CO_2e$/revenue (HK$ million) | 12.07 | – |

11 Totals may not be the exact sum of numbers shown here due to rounding.

12 The intensity metric is based on the GFA and total revenue of our scope during the respective Reporting Period in this chapter, unless otherwise specified. During the Reporting Period, the data scope was expanded to include petrochemicals manufacturing business to provide a more comprehensive overview of our environmental performance. As a result, the data for the Reporting Period is not directly comparable to that of previous year.

13 The 2024 data covered the available data from our core business operations.

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

15 GHG calculations include $CO_2$, $CH_4$ and $N_2O$.

16 The Group has adopted the operational approach as the measurement approach. GHG emissions are measured in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) issued by World Business Council for Sustainable Development and World Resources Institute, scope 1 direct emissions cover GHG emissions directly produced by businesses owned or controlled by the Group, scope 2 energy indirect emissions cover GHG emissions resulted from electricity (purchased or acquired), heating/cooling and steam internally consumed by the Group, while scope 3 indirect emissions cover all other indirect emissions occur across the Group's value chain.

17 Scope 3 emissions include available data from applicable categories, namely Category 6: Business travel and Category 7: Employee commuting.

| | Unit | 2025 | 2024[13] |
|---|---|---|---|
| **Water[18]** | | | |
| Total Water Consumption | $m^3$ | 105,828.87 | 2,179.00 |
| Total Water Consumption Intensity | $m^3$/GFA ($m^2$) | 0.72 | 0.03 |
| | $m^3$/revenue (HK$ million) | 64.94 | 1.70 |
| **Packaging Materials** | | | |
| Total Amount of Packaging Materials Used in Finished Products | tonnes | 188.00 | – |
| Packaging Materials Intensity for Finished Products | tonnes/GFA ($m^2$) | 0.0013 | – |
| | tonnes/revenue (HK$ million) | 0.12 | – |
| **Waste** | | | |
| Total Hazardous Waste Generated | tonnes | 57.19 | 6.65 |
| Total Hazardous Waste Intensity | tonnes/GFA ($m^2$) | 0.0004 | 0.0001 |
| | tonnes/revenue (HK$ million) | 0.035 | 0.005 |
| Total Non-hazardous Waste Generated | tonnes | 32.04 | 14.38 |
| • Recyclable Materials: Metal, Plastic, and Paper | tonnes | 3.56 | 0.63 |
| • Disposed General Waste | tonnes | 28.48 | 13.76 |
| Total Non-hazardous Waste Intensity | tonnes/GFA ($m^2$) | 0.0002 | 0.0002 |
| | tonnes/revenue (HK$ million) | 0.020 | 0.011 |

18 The data on water consumption do not include some of our offices in the PRC, Hong Kong, and Singapore, as the water supply is controlled by the property management and such data is unavailable to individual tenants.

## Social Performance

| | | Unit | 2025 | 2024[19] |
|---|---|---|---|---|
| **Workforce[20]** | | | | |
| Total Workforce | | No. of people | 293 | 268 |
| By Gender | Male | No. of people | 232 | 213 |
| | Female | No. of people | 61 | 55 |
| By Employee Category | Senior Management | No. of people | 29 | 26 |
| | Managerial/Supervisory Staff | No. of people | 55 | 45 |
| | General Staff | No. of people | 209 | 197 |
| By Employment Type | Full-time | No. of people | 291 | 261 |
| | Part-time | No. of people | 2 | 7 |
| By Age Group | <31 | No. of people | 46 | 43 |
| | 31–50 | No. of people | 175 | 157 |
| | >51 | No. of people | 72 | 68 |
| By Geographical Region | The PRC | No. of people | 278 | 245 |
| | Hong Kong | No. of people | 10 | 14 |
| | Singapore | No. of people | 4 | 6 |
| | Macao | No. of people | 1 | 3 |
| **Employee Turnover Rate[21]** | | | | |
| By Gender | Male | % | 27 | 17 |
| | Female | % | 32 | 29 |
| By Age Group | <31 | % | 64 | 67 |
| | 31–50 | % | 24 | 11 |
| | >51 | % | 13 | 8 |
| By Geographical Region | The PRC | % | 24 | 19 |
| | Hong Kong | % | 122 | 42 |
| | Singapore | % | 50 | 0 |
| | Macao | % | – | 33 |

19 The 2024 data covered the available data from our core business operations.

20 Data of the whole Group has been included.

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

| | | Unit | 2025 | 2024[19] |
|---|---|---|---|---|
| **Development and Training[22]** | | | | |
| **Employees Trained[23]** | | | | |
| By Gender | Male | % | 113 | 70 |
| | Female | % | 103 | 75 |
| By Employee Category | Senior Management | % | 79 | 36 |
| | Managerial/Supervisory Staff | % | 82 | 32 |
| | General Staff | % | 121 | 84 |
| **Average Training Hours per Employee[24]** | | | | |
| By Gender | Male | Hours | 16.9 | 39.2 |
| | Female | Hours | 7.0 | 59.7 |
| By Employee Category | Senior Management | Hours | 10.5 | 12.3 |
| | Managerial/Supervisory Staff | Hours | 21.9 | 14.7 |
| | General Staff | Hours | 14.2 | 52.3 |

22 Training data included relevant training data of resigned employees during the Reporting Period to reflect the number of resources invested by the Group in training.

23 Calculation of employee trained: Number of employees trained in the specific category during the Reporting Period divided by number of employees in the specific category at the end of the Reporting Period x100%.

24 Calculation of average training hours per employee: Training hours of employees in the specific category during the Reporting Period divided by number of employees in the specific category at the end of the Reporting Period.

## SIGNIFICANT LAWS AND REGULATIONS

| ESG Aspect | The PRC | Hong Kong | Singapore |
|---|---|---|---|
| Aspect A: Environment | • Law of the PRC on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》)<br>• Law of the PRC on Prevention and Control of Water Pollution (《中華人民共和國水法》)<br>• Law of the PRC on Prevention and Control of Soil Contamination (《中華人民共和國土壤污染防治法》)<br>• Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》)<br>• Regulation on the Safe Management of Hazardous Chemicals (《危險化學品安全管理條例》)<br>• Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》)<br>• Environmental Protection Law of the PRC (《中華人民共和國環境保護法》)<br>• Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) | • Cap. 311 Air Pollution Control Ordinance<br>• Cap. 358 Water Pollution Control Ordinance<br>• Cap. 354 Waste Disposal Ordinance<br>• Cap. 400 Noise Control Ordinance | • Environmental Public Health Act<br>• Control and Drainage Act 1975<br>• Environmental Protection and Management Act 1999<br>• Environmental Public Health Act (EPHA) and the Environmental Public Health (Toxic Industrial Waste) Regulations (TIWR)<br>• Environmental Protection and Management Act |

| ESG Aspect | The PRC | Hong Kong | Singapore |
|---|---|---|---|
| Aspect B1: Employment | • Employment Promotion Law of the PRC (《就業促進法》)<br>• Labour Law of the PRC (《中華人民共和國勞動法》)<br>• Labour Contract Law of the PRC (《中華人民共和國勞動合同法》)<br>• Social Insurance Law of the PRC (《中華人民共和國社會保險法》) | • Cap. 57 Employment Ordinance<br>• Cap. 282 Employees' Compensation Ordinance<br>• Cap. 480 Sex Discrimination Ordinance<br>• Cap. 487 Disability Discrimination Ordinance<br>• Cap. 527 Family Status Discrimination Ordinance<br>• Cap. 602 Race Discrimination Ordinance | • Employment of Foreign Manpower Act<br>• Employment Act<br>• Central Provident Fund Act<br>• Immigration Act |

| ESG Aspect | The PRC | Hong Kong | Singapore |
|---|---|---|---|
| Aspect B2: Health and Safety | • Law of the PRC on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》)<br>• Regulations on Work Injury Insurance (《工傷保險條例》)<br>• Work Safety Law of the PRC (《中華人民共和國安全生產法》)<br>• Special Provisions on the Labour Protection of Female Employees (《女職工勞動保護特別規定》)<br>• Interim Measures for the supervision and administration of the three simultaneous supervision of safety facilities in construction projects (《建設項目安全設施"三同時"監督管理辦法》)<br>• Measures for the Supervision and Administration of "Three Simultaneities" of Facilities for the Prevention and Control of Occupational Diseases of Construction Projects (《建設項目職業病防護設施"三同時"監督管理辦法》)<br>• Special Equipment Safety Law of the PRC (《中華人民共和國特種設備安全法》)<br>• Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》)<br>• Measures for the Safety Supervision and Administration of Hazardous Chemical Construction Projects (《危險化學品建設項目安全監督管理辦法》)<br>• Work Safety Law of the PRC (《中華人民共和國安全生產法》)<br>• Fire Protection Law of the PRC (《中華人民共和國消防法》)<br>• Regulations on Occupational Health Supervision and Management in the Workplace (《工作場所職業衛生監督管理規定法規》)<br>• Measures for the Supervision and Administration of Occupational Health Surveillance by Employers (《用人單位職業健康監護監督管理辦法》) | • Cap. 509 Occupational Safety and Health Ordinance | • Workplace Safety and Health Act<br>• Environmental Public Health Act |

| ESG Aspect | The PRC | Hong Kong | Singapore |
|---|---|---|---|
| Aspect B4: Labour Standards | • Law of the PRC on the Protection of Minors (《中華人民共和國未成年人保護法》)<br>• Protection of Children and Youths Welfare and Rights Act (《未成年工特殊保護規定》)<br>• Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》)<br>• Labour Law of the PRC (《中華人民共和國勞動法》) | • Cap. 57B Employment of Children Regulations<br>• Cap. 57 Employment Ordinance | • Employment Act |
| Aspect B6: Product Responsibility | • Civil Code of the PRC (《民法典》)<br>• Law of the PRC on Protection of the Rights and Interests of the Consumers (《中華人民共和國消費者權益保護法》)<br>• Product Quality Law of the PRC (《中華人民共和國產品質量法》)<br>• Advertising Law of the PRC (《中華人民共和國廣告法》)<br>• Law of the PRC on Protection of the Rights and Interests of the Consumers (《中華人民共和國消費者權益保護法》)<br>• Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) | • Cap. 26 Sale of Goods Ordinance<br>• Cap. 457 Supply of Services (Implied Terms) Ordinance<br>• Cap. 486 Personal Data (Privacy) Ordinance<br>• Copyright (Amendment) Ordinance 2007 | • Consumer Protection Laws and Regulations 2023<br>• Workplace Safety and Health Act<br>• Singapore Code of Advertising Practice (SCAP)<br>• Personal Data Protection Act |
| Aspect B7: Anti-corruption | • Anti-Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》)<br>• (Criminal Law of the PRC)《中華人民共和國刑法》)<br>• Anti-Money Laundering Law of the PRC (《中華人民共和國反洗錢法》) | • Cap. 201 Prevention of Bribery Ordinance | • Prevention of Corruption Act<br>• Penal Code<br>• Corruption, Drug Trafficking, And Other Serious Crimes Act (CDSA) |

## ESG REPORTING CODE CONTENT INDEX

| Mandatory Disclosure Requirements | Section |
|---|---|
| **Governance Structure** | |
| A statement from the board containing the following elements:<br>(i) a disclosure of the board's oversight of ESG issues;<br>(ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and<br>(iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. | ESG Governance and Board's Oversight |
| **Reporting Principles** | |
| A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:<br><br>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.<br><br>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.<br><br>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison. | Reporting Principles<br><br>Stakeholder Engagement<br><br>Performance Data Summary |
| **Reporting Boundary** | |
| A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change. | Reporting Scope and Period |

| Subject Areas, Aspects, General Disclosure and KPIs | | Section |
|---|---|---|
| **A. Environmental** | | |
| *Aspect A1: Emissions* | | |
| General Disclosure | | Creating Value for Our Environment |
| Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.<br><br>*Note:* Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.<br><br>Hazardous wastes are those defined by national regulations. | | Significant Laws and Regulations |
| KPI A1.1 | The types of emissions and respective emissions data. | Performance Data Summary — Environmental Performance |
| KPI A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Performance Data Summary — Environmental Performance |
| KPI A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Performance Data Summary — Environmental Performance |
| KPI A1.5 | Description of emission target(s) set and steps taken to achieve them. | Creating Value for Our Environment |
| KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | Waste Management |

| Subject Areas, Aspects, General Disclosure and KPIs | | Section |
|---|---|---|
| *Aspect A2: Use of Resources* | | |
| General Disclosure<br><br>Policies on the efficient use of resources, including energy, water and other raw materials.<br><br>*Note:* Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc. | | Creating Value for Our Environment |
| KPI A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). | Performance Data Summary — Environmental Performance |
| KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | Performance Data Summary — Environmental Performance |
| KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | Creating Value for Our Environment<br>Energy, Air and GHG Emissions |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | Creating Value for Our Environment<br>Water Resources Management |
| KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | Performance Data Summary — Environmental Performance |
| *Aspect A3: The Environment and Natural Resources* | | |
| General Disclosure<br><br>Policies on minimizing the issuer's significant impact on the environment and natural resources. | | Biodiversity and Natural Resources |
| KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | Biodiversity and Natural Resources<br>Sustainable Procurement |

| Subject Areas, Aspects, General Disclosure and KPIs | | Section |
|---|---|---|
| **B. Social** | | |
| ***Employment and Labour Practices*** | | |
| *Aspect B1: Employment* | | |
| General Disclosure<br><br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | | Creating Value for Our People<br><br>Significant Laws and Regulations |
| KPI B1.1 | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region. | Performance Data Summary — Social Performance |
| KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | Performance Data Summary — Social Performance |
| *Aspect B2: Health and Safety* | | |
| General Disclosure<br><br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | | Occupational Health and Safety<br><br>Significant Laws and Regulations |
| KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | Occupational Health and Safety |
| KPI B2.2 | Lost days due to work injury. | Occupational Health and Safety |
| KPI B2.3 | Description of occupational health and safety measures adopted, how they are implemented and monitored. | Occupational Health and Safety |

| Subject Areas, Aspects, General Disclosure and KPIs | | Section |
|---|---|---|
| *Aspect B3: Development and Training* | | |
| General Disclosure<br><br>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.<br><br>*Note:* Training refers to vocational training. It may include internal and external courses paid by the employer. | | Talent Development |
| KPI B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | Performance Data Summary — Social Performance |
| KPI B3.2 | The average training hours completed per employee by gender and employee category. | Performance Data Summary — Social Performance |
| *Aspect B4: Labour Standards* | | |
| General Disclosure<br><br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | | Human Rights Protection<br><br>Significant Laws and Regulations |
| KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | Human Rights Protection |
| KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | Human Rights Protection |
| ***Operating Practices*** | | |
| *Aspect B5: Supply Chain Management* | | |
| General Disclosure<br><br>Policies on managing environmental and social risks of the supply chain. | | Sustainable Supply Chain Management |
| KPI B5.1 | Number of suppliers by geographical region. | Sustainable Supply Chain Management |
| KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored. | Sustainable Supply Chain Management |

| Subject Areas, Aspects, General Disclosure and KPIs | | Section |
|---|---|---|
| KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | Sustainable Supply Chain Management |
| KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | Sustainable Supply Chain Management<br><br>Sustainable Procurement |
| *Aspect B6: Product Responsibility* | | |
| General Disclosure<br><br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | | Creating Value for Our Customers<br><br>Significant Laws and Regulations<br><br>Due to our business nature, advertising and labelling are not applicable to us. |
| KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | Quality of Products and Services |
| KPI B6.2 | Number of products and service related complaints received and how they are dealt with. | Quality of Products and Services |
| KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | Respect for Intellectual Property Rights |
| KPI B6.4 | Description of quality assurance process and recall procedures. | Quality of Products and Services |
| KPI B6.5 | Description of consumer data protection and privacy policies, how they are implemented and monitored. | Data Privacy Protection and Cybersecurity |

| Subject Areas, Aspects, General Disclosure and KPIs | | Section |
|---|---|---|
| *Aspect B7: Anti-corruption* | | |
| General Disclosure<br><br>Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | | Business Ethics and Integrity<br><br>Significant Laws and Regulations |
| KPI B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | Business Ethics and Integrity |
| KPI B7.2 | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. | Business Ethics and Integrity |
| KPI B7.3 | Description of anti-corruption training provided to directors and staff. | Business Ethics and Integrity |
| ***Community*** | | |
| *Aspect B8: Community Disclosure* | | |
| General Disclosure<br><br>Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | | Community Investment |
| KPI B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | Community Investment |
| KPI B8.2 | Resources contributed (e.g. money or time) to the focus area. | Community Investment |

| Climate-Related Disclosures | | Section |
|---|---|---|
| **(I) Governance** | | |
| **19.** | An issuer shall disclose information about: | |
| | (a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:<br>(i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;<br>(ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;<br>(iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;<br>(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and<br>(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:<br>(i) whether the role is delegated to a specific management level position or management-level committee and how oversight is exercised over that position or committee; and<br>(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions. | ESG Governance and Board's Oversight<br><br>Climate Resilience and Management — Governance<br><br>The Group has not yet incorporated climate-related performance indicators into its remuneration policy. We will explore the feasibility of enhancing our remuneration policies. |

| Climate-Related Disclosures | | | Section |
|---|---|---|---|
| **(ii) Strategy** | | | |
| **Climate-related risks and opportunities** | | | |
| **20.** | An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall: | | |
| | (a) | describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term; | Climate Resilience and Management — Strategy |
| | (b) | explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk; | |
| | (c) | specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons — short, medium or long term — the effects of each climate-related risk and opportunity could reasonably be expected to occur; and | |
| | (d) | explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making. | |
| **Business model and value chain** | | | |
| **21.** | An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose: | | |
| | (a) | a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and | Climate Resilience and Management — Strategy |
| | (b) | a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets). | Since data availability and quantification methods continue to develop or evolve, we will continue to monitor and, where feasible, describe the concentration of climate-related risks and opportunities across our business model and value chain. |

| Climate-Related Disclosures | | Section |
|---|---|---|
| **Strategy and decision-making** | | |
| **22.** | An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose: | |
| | (a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:<br>(i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;<br>(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);<br>(iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and<br>(iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and<br>(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a). | Climate Resilience and Management — Strategy |
| **23.** | An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a). | Not applicable |

| Climate-Related Disclosures | | | Section |
|---|---|---|---|
| **Financial position, financial performance and cash flows** | | | |
| *Current financial effect* | | | |
| **24.** | An issuer shall disclose qualitative and quantitative information about: | | |
| | (a) | how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and | Climate Resilience and Management — Strategy<br><br>We have identified major climate-related risks and opportunities and disclosed their current and/or anticipated qualitative financial effects. Given the measurement uncertainty arising from data limitations and evolving climate science and methodologies, the resulting quantitative financial effects may not provide meaningful insights. We will continue to review the feasibility of disclosing such data as our business operations evolve. |
| | (b) | the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements | No significant risk of a material adjustment within the next annual reporting period. |

| Climate-Related Disclosures | | Section |
|---|---|---|
| *Anticipated financial effect* | | |
| **25.** | The issuer shall provide qualitative and quantitative disclosures about: | |
| | (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:<br>(i) its investment and disposal plans; and<br>(ii) its planned sources of funding to implement its strategy; and<br>(b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities. | Climate Resilience and Management — Strategy<br><br>We have identified major climate-related risks and opportunities and disclosed their current and/or anticipated qualitative financial effects. Given the measurement uncertainty arising from data limitations and evolving climate science and methodologies, the resulting quantitative financial effects may not provide meaningful insights. We will continue to review the feasibility of disclosing such data as our business operations evolve. |

| Climate-Related Disclosures | | Section |
|---|---|---|
| **Climate resilience** | | |
| **26.** | An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose: | |
| | (a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:<br>(i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;<br>(ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and<br>(iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;<br>(b) how and when the climate-related scenario analysis was carried out, including:<br>(i) information about the inputs used, including:<br>(1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios;<br>(2) whether the analysis included a diverse range of climate-related scenarios;<br>(3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;<br>(4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;<br>(5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;<br>(6) time horizons the issuer used in the analysis; and<br>(7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);<br>(ii) the key assumptions the issuer made in the analysis; and<br>(iii) the reporting period in which the climate-related scenario analysis was carried out. | Climate Resilience and Management — Strategy |

| Climate-Related Disclosures | | Section |
|---|---|---|
| **(III) Risk Management** | | |
| **27.** | An issuer shall disclose information about: | |
| | (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about: | ESG Risk and Opportunity Management |
| | (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);<br>(ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate related risks;<br>(iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);<br>(iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;<br>(v) how the issuer monitors climate-related risks; and<br>(vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period | Climate Resilience and Management — Risk Management |
| | (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and | |
| | (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process. | |
| **(IV) Metrics and Targets** | | |
| **Greenhouse gas emissions** | | |
| **28.** | An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO2 equivalent, classified as: | |
| | (a) Scope 1 greenhouse gas emissions;<br>(b) Scope 2 greenhouse gas emissions; and<br>(c) Scope 3 greenhouse gas emissions. | Climate Resilience and Management — Metrics and Targets<br><br>Performance Data Summary |

| Climate-Related Disclosures | | Section |
|---|---|---|
| **29.** | An issuer shall:<br>(a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;<br>(b) disclose the approach it uses to measure its greenhouse gas emissions including:<br>(i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;<br>(ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and<br>(iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;<br>(c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and<br>(d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). | Reporting Principles<br><br>Climate Resilience and Management — Metrics and Targets<br><br>Performance Data Summary<br><br>We will explore the feasibility of purchasing quality RECs and carbon credits to offset GHG emissions in our operations |
| **Climate-related transition risks** | | |
| **30.** | An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks. | Reasonable and supportable information was not available at the reporting date without undue cost or effort. We will explore the feasibility of disclosing such metrics in the future. |

| Climate-Related Disclosures | | Section |
|---|---|---|
| **Climate-related physical risks** | | |
| **31.** | An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks. | Reasonable and supportable information was not available at the reporting date without undue cost or effort. We will explore the feasibility of disclosing such metrics in the future. |
| **Climate-related opportunities** | | |
| **32.** | An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities. | Reasonable and supportable information was not available at the reporting date without undue cost or effort. We will explore the feasibility of disclosing such metrics in the future. |
| **Capital deployment** | | |
| **33.** | An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities. | We will explore the feasibility of commencing a comprehensive assessment to identify and quantify capital deployment towards climate-related risks and opportunities. |

| Climate-Related Disclosures | | Section |
|---|---|---|
| **Internal carbon prices** | | |
| **34.** | An issuer shall disclose:<br>(a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and<br>(b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions;<br>or an appropriate negative statement that the issuer does not apply a carbon price in decision-making. | Internal carbon pricing is currently not a part of our decision-making. We will explore the use of internal carbon pricing in the future. |
| **Remuneration** | | |
| **35.** | An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv). | The Group has not yet incorporated climate-related performance indicators into its remuneration policy. We will explore the feasibility of enhancing our remuneration policies. |
| **Industry-based metrics** | | |
| **36.** | An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks. | Not applicable |

| Climate-Related Disclosures | | Section |
|---|---|---|
| **Climate-related targets** | | |
| **37.** | An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose: | |
| | (a) the metric used to set the target;<br>(b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);<br>(c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);<br>(d) the period over which the target applies;<br>(e) the base period from which progress is measured;<br>(f) milestones or interim targets (if any);<br>(g) if the target is quantitative, whether the target is an absolute target or an intensity target; and<br>(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target. | Climate Resilience and Management — Metrics and Targets |
| **38.** | An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including: | |
| | (a) whether the target and the methodology for setting the target has been validated by a third party;<br>(b) the issuer's processes for reviewing the target;<br>(c) the metrics used to monitor progress towards reaching the target; and | Climate Resilience and Management — Metrics and Targets<br><br>We will explore the feasibility of having our targets validated by a third party. |
| | (d) any revisions to the target and an explanation for those revisions. | No revisions have been made during the reporting period. |
| **39.** | An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance. | Climate Resilience and Management — Metrics and Targets |

| Climate-Related Disclosures | | Section |
|---|---|---|
| **40.** | For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose: | |
| | (a) which greenhouse gases are covered by the target;<br>(b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;<br>(c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; | Climate Resilience and Management — Metrics and Targets |
| | (d) whether the target was derived using a sectoral decarbonisation approach; and | At present, the target was not derived using a sectoral decarbonisation approach for target setting. |
| | (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:<br>(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;<br>(ii) which third-party scheme(s) will verify or certify the carbon credits;<br>(iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and<br>(iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset). | We will explore the feasibility of purchasing carbon credits to offset greenhouse gas emissions generated during operations. |
| **Applicability of cross-industry metrics and industry-based metrics** | | |
| **41.** | In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of (i) cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36). | Climate Resilience and Management — Metrics and Targets<br><br>Performance Data Summary |

# Directors' Report

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

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal associates and subsidiaries are set out in notes 17 and 44 to the consolidated financial statements respectively.

## BUSINESS REVIEW

Detailed business review as required by Schedule 5 to the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including the particulars of important events affecting the Group, a discussion of the principal risks and uncertainties facing the Group, an indication of likely future developments in the Group's business and an analysis of the Group's performance using financial key performance indicators, is set out in the Chairman's Statement and the Management Discussion and Analysis on pages 5 to 8 and pages 9 to 16 respectively.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

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

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

Detailed environmental policies and performance of the Group are set out in the Environmental, Social and Governance Report on pages 37 to 102.

## COMPLIANCE WITH LAWS AND REGULATIONS

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

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

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

## RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

### Employees

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

### Customers and Suppliers

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

## RESULTS AND APPROPRIATIONS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 125 to 126.

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.

## 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 report. Despite this, the Management was able to retrieve alternative evidence, including the electronic copy of the contract (retrieved from the Group's email backup systems), bill of lading (obtained from the terminal operator), commercial invoice, relevant email correspondence and bank statements (obtained directly from the bank). Based on these documents, which were mutually consistent, the Management concluded that the transactions were genuine and occurred in the ordinary course of business. Accordingly, the Management recognised the receipts of approximately HK$132,694,000 as revenue and the payments of approximately HK$131,872,000 as cost of sales for the 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

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.

## PROPERTY, PLANT AND EQUIPMENT

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

## SHARE CAPITAL

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

## FIVE-YEAR FINANCIAL SUMMARY

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

## DISTRIBUTABLE RESERVES

The distributable reserves of the Company as at 31 December 2025, calculated in accordance with the Companies Act, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$282.7 million.

## DIRECTORS

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

**Executive Directors**
Dr. Wang Pang Paul (appointed on 25 January 2025)
Mr. Cao Xinzhong (appointed on 25 January 2025)
Mr. Wang Jian Sheng (redesignated as Non-executive Director on 25 January 2025)
Mr. Yao Guoliang (removed on 25 January 2025)
Dr. Ma Yi (removed on 25 January 2025)
Dr. Tan Xiao (removed on 25 January 2025)

**Non-executive Directors**
Mr. Wang Jian Sheng (redesignated from Executive Director on 25 January 2025)
Mr. Guo Yan Jun (appointed on 25 January 2025 and resigned on 8 July 2025)

**Independent Non-executive Directors**
Mr. Wang Qihong (appointed on 25 January 2025)
Dr. Lu Guoyang (appointed on 25 January 2025)
Ms. Tam Yuk Yu (appointed on 25 January 2025)
Mr. Deng Heng (removed on 25 January 2025)
Ms. Jiao Jie (removed on 25 January 2025)
Mr. Lai Wai Chi (removed on 25 January 2025)

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

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

The Directors' biographical details are set out on pages 17 to 18.

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

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

## MANAGEMENT CONTRACTS

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

## DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in the section headed "Connected Transactions" of this report and Note 39 to the consolidated financial statements, to the best of the Company's knowledge, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during the Year or at the end of the Year.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 31 December 2025, the interest and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of Company's associated corporations (within the meaning of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), as recorded in the register required to be kept under Section 352 of Part XV of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code are set out below:

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

| Name of Director | Nature of interest | Number of ordinary shares held | Approximate percentage of the issued share capital of the Company (%) |
|---|---|---|---|
| Mr. Wang Jian Sheng | Interest of a controlled corporation *(note 1)* | 1,041,746,000 | 49.06 |
| | Interest of a controlled corporation *(note 2)* | 50,576,000 | 2.38 |
| | Interest of concert parties *(note 3)* | 124,984,000 | 5.89 |

*Notes:*

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

2. Mr. Wang Jian Sheng holds the entire issued share capital of Speed Success.

3. As of 31 December 2025, since Mr. Wang Jian Sheng and Mr. Yao Guoliang jointly control Forever Winner which in turn holds 1,041,746,000 Shares, Mr. Wang Jian Sheng and Mr. Yao Guoliang are deemed as parties acting in concert. Therefore, as Mr. Yao Guoliang beneficially owned approximately 5.89% equity interest in the Company as at 31 December 2024, Mr. Wang Jian Sheng shall be deemed to hold the same equity interest in the Company. Simultaneously, as Mr. Wang Jian Sheng beneficially owned 2.38% equity interest in the Company as at 31 December 2025, Mr. Yao Guoliang shall be deemed to hold the same equity interest in the Company.

Save for those disclosed above, as at 31 December 2025, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to Company and the Stock Exchange pursuant to the Model Code.

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

## SHARE OPTIONS

During the Year, the Company had no share option scheme.

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 31 December 2025, the Directors are not aware of any other person (other than the interests of the Director or chief executive of the Company) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO:

### Long Position in Shares of the Company

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

*Notes:*

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

2. Mr. Chang Liang holds the entire issued share capital of Hongkong Hengyuan Investment Limited.

## INTERESTS OF CONTROLLING SHAREHOLDERS IN CONTRACTS

Save as disclosed below in the section of "Connected Transactions", and in Note 39 to the consolidated financial statements, there was no contract of significance,whether for provision of service or otherwise, between the Company or any of its subsidiaries and controlling shareholders (as defined in paragraph 16 of Appendix D2 to the Listing Rules) or any of its subsidiaries, at any time during the Year.

## CONNECTED TRANSACTIONS

### Shareholder Loan Agreements

On 28 February 2025 and 25 April 2025, the Group entered into two shareholder loan agreements (the "Shareholder Loan Agreements") with Speed Success, a company holding 50,576,000 Shares. Mr. Wang Jian Sheng, a non-executive Director, holds the entire issued share capital of Speed Success. Pursuant to the Shareholder Loan Agreements, Speed Success agreed to provide two unsecured term loans of HK$5.0 million each, in aggregate of HK$10.0 million to the Group. Each of the shareholder loans bore an interest of 1-month Hong Kong Interbank Offered Rate per annum. The Group shall repay the shareholder loans in full on 31 May 2025 and 31 July 2025 respectively, or upon demand. During the Year, the shareholder loans were fully settled. The shareholder loans had been utilised by the Group to support its operating activities. During the Year, the Shareholder Loan Agreements constituted connected transactions and related party transactions and the details are set out in Note 39 to the consolidated financial statements.

The connected transactions under the above shareholder loans are not secured by any assets of the Group and are conducted on normal commercial terms or better and therefore are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements contemplated under Rule 14A.90 of the Listing Rules.

### General Company Secretarial Support Service Agreement

During the Year, the Group entered into a general company secretarial support service agreement with Precious Consulting Limited, which constituted connected transaction and related party transaction and the details are set out in Note 39 to the consolidated financial statements. The spouse of Dr. Wang Pang Paul, an executive Director, holds the entire issued share capital of Precious Consulting Limited.

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

### Tenancy Agreement

During the Year, the Group entered into a tenancy agreement with Beijing Wanhua Real Estate Co., Ltd., which constituted connected transaction and related party transaction and the details are set out in Note 39 to the consolidated financial statements. Mr. Wang Jian Sheng is a minority shareholder of Beijing Wanhua Real Estate Co., Ltd..

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

### Vehicle Leasing Agreements

During the Year, the Group entered into two vehicle leasing agreements with Jadefill Limited and Sino Century Limited, which constituted connected transactions and related party transactions and the details are set out in Note 39 to the consolidated financial statements. Mr. Wang Jian Sheng holds the entire issued share capital of Jadefill Limited and Sino Century Limited.

The connected transactions under the above vehicle leasing agreements fall within the de minimis threshold under Rule 14A.76(1) of the Listing Rules and therefore are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements contemplated under the Listing Rules.

## CONTINUING CONNECTED TRANSACTIONS

The Group had no continuing connected transactions during the Year.

## CHARITABLE DONATIONS

During the Year, the Group made charitable donations amounting to approximately HK$500,000 (2024: approximately HK$43,000).

## MAJOR CUSTOMERS AND SUPPLIERS

In the Year under review, sales to the Group's five largest customers and purchases from the five largest suppliers accounted for approximately 65% and approximately 82% of the total sales and purchases for the Year, respectively. The Group's largest customer and supplier accounted for approximately 21% and approximately 39% of the total sales and purchases for the Year, respectively.

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

## EMOLUMENT POLICY

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

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

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

## RETIREMENT BENEFIT SCHEMES

Other than operating a Hong Kong Mandatory Provident Fund Scheme, participating in the defined contribution pension scheme operated by the Macao government authority, the Central Provident Fund operated by Singapore government and the PRC state-managed retirement benefit scheme, the Group has not operated any other retirement benefit scheme for the Group's employees. Particulars of the retirement benefit schemes are set out in Note 34 to the consolidated financial statements.

## PERMITTED INDEMNITY PROVISION

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

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

## EVENTS AFTER THE REPORTING PERIOD

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

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

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

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

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 Potential Transaction materialises, it may trigger a mandatory general offer under the Takeovers Code. For the purpose of Practice Note 24 of the Takeovers Code and based on the fact that the Liquidators were actively looking a potential purchaser for the controlling stake of the Company as informed by the Liquidators, the offer period commenced on 25 February 2026.

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

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

As stated in the 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.

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

Save as disclosed, the Group had no significant events after 31 December 2025.

## EQUITY-LINKED AGREEMENT

No equity-linked agreements were entered into during the Year or subsisted at the end of the Year.

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

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

## PRE-EMPTIVE RIGHTS

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

## TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

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

## SUFFICIENCY OF PUBLIC FLOAT

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

## AUDITOR

A resolution will be proposed at the forthcoming AGM to re-appoint Messrs. BDO Limited as auditor of the Company.

On behalf of the Board
**Wang Qihong**
*Chairman*

31 July 2026

# Independent Auditor's Report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To the Shareholders of
**Strong Petrochemical Holdings Limited**
*(incorporated in the Cayman Islands with limited liability)*

## QUALIFIED OPINION

We have audited the consolidated financial statements of Strong Petrochemical Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 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.<br><br>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:<br><br>• forecast crude oil prices;<br><br>• forecast production volumes;<br><br>• forecast operating costs and capital expenditure; and<br><br>• discount rates.<br><br>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.<br><br>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. | Our procedures in relation to management's impairment assessment of oil properties included:<br><br>• 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;<br><br>• Evaluating the competence, capability and objectivity of the management's experts, including the external reserve expert;<br><br>• Reviewing the valuation reports prepared by the management's experts and understanding the valuation basis, methodology used and underlying assumptions applied;<br><br>• 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;<br><br>• Testing the mathematical accuracy of the discounted cash flow projections; and<br><br>• Considering whether the judgements made in selecting the significant assumptions and data would give rise to indicators of possible management bias. |

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **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.<br><br>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").<br><br>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.<br><br>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.<br><br>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.<br><br>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. | Our procedures in relation to management's impairment assessment of Manufacturing Plant Related Assets included:<br><br>• 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;<br><br>• Evaluating the competence, capability and objectivity of the management's experts;<br><br>• Reviewing the valuation reports prepared by the management's experts and understanding the valuation basis, methodology used and underlying assumptions applied;<br><br>• 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;<br><br>• Testing the mathematical accuracy of the discounted cash flow projections; and<br><br>• 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<br>HK$'000 | 2024<br>HK$'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) |

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

*For the year ended 31 December 2025*

| | 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<br>HK$'000 | 2024<br>HK$'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 |

# Consolidated Statement of Financial Position

*At 31 December 2025*

| | NOTES | 2025<br>HK$'000 | 2024<br>HK$'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 |

The consolidated financial statements on pages 125 to 210 were approved and authorised for issue by the Board of Directors on 31 July 2026 and are signed on its behalf by:

**Wang Pang Paul**
*DIRECTOR*

**Cao Xinzhong**
*DIRECTOR*

# 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 |

# Consolidated Statement of Cash Flows

*For the year ended 31 December 2025*

| | 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 disclosed in the section of "Corporate Information" in the Company's annual report.

The Company acts as an investment holding company. The principal activities of the Company's subsidiaries are mainly trading of commodities, including crude oil, petroleum products 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.

*For the year ended 31 December 2025*

## 1. BASIS OF PREPARATION (CONTINUED)

### 1.1(A) Investigation

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

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

At an extraordinary general meeting (the "EGM") of the Company was held on 25 January 2025, certain directors forming the then board of directors of the Company (the "Former Board") were removed. On the same date, the capacity of the remaining director was redesignated and there were 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.

## 1. BASIS OF PREPARATION (CONTINUED)

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

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

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

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

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

*For the year ended 31 December 2025*

## 1. BASIS OF PREPARATION (CONTINUED)

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

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

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

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

— Strong HK entered into sales contracts and supplemental contracts (collectively "Sales Contracts") with a customer (the "Customer"), who is a PRC incorporated company, to sell and arrange shipment of crude oil at a consideration of approximately RMB578,049,000 in US Dollars ("USD") which is based on a commonly adopted pricing index in the 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

## 1. BASIS OF PREPARATION (CONTINUED)

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

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

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

## 1. BASIS OF PREPARATION (CONTINUED)

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

#### V. Findings of the Current Management

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

(a) The Current Management believes the submission of the documents to discount two letters of credit were procured by two ex-directors of Strong HK without the knowledge and approval of the two remaining board of directors of Strong HK.

(b) In Strong HK's record, the Certificate of Quality certified that the oil was product of originated from Designated Port. However, according to international oil tanker voyage tracker public information that the vessel was not in the Designated Port on the transaction period, or the period immediately before or thereafter. Hence, in the view of the Current Management, the Certificate of Quality and Certificate of Origin were perceivably forged and/or manipulated by two ex-directors and/or their agents.

(c) Payments of HK$9,854,000 to the Customer for other charges 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.

*For the year ended 31 December 2025*

## 1. BASIS OF PREPARATION (CONTINUED)

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

#### VI. Financial impact of The Transactions *(Continued)*

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

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

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

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

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

## 3. MATERIAL ACCOUNTING POLICIES

### (a) Property, plant and equipment

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

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

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

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

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

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

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (b) Investment properties

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

### (c) Leases

**The Group as a lessee**

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

*Right-of-use asset*

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

(i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability);

(ii) any lease payments made at or before the commencement date, less any lease incentives received;

(iii) any initial direct costs incurred by the lessee; and

(iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

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

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

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

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (d) Intangible assets

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

### (e) Financial instruments

#### (i) Financial assets

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

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

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

*Financial assets at FVTPL*

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

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

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

- 12-month ECLs: these are ECLs that result from possible default events within the twelve months after the reporting date; and

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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

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

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

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

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

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

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

#### (iii) Financial liabilities

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

*Financial liabilities at FVTPL*

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

*For the year ended 31 December 2025*

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

*Financial liabilities at amortised cost*

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

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

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

#### (iv) Derivative financial instruments

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

### (f) Revenue recognition

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

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

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

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

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (g) Joint arrangements

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

#### (a) Joint operations

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

The consolidated financial statements reflect:

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

### (h) Income taxes

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

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

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

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

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

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

## 3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (j) Provisions

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

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

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

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

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

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

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

**Principal versus agent consideration (principal)**

The Group engages in trading of commodities, mainly crude oil, petroleum products 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).

*For the year ended 31 December 2025*

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

### (b) Key sources of estimation uncertainty

**ECLs impairment**

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

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

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

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

**Oil reserves**

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

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

**Depreciation of property, plant and equipment**

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

**Impairment of property, plant and equipment**

Property, plant and equipment, including oil properties, are reviewed for possible impairments when events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of a cash generating unit is determined based on the higher of value-in-use and fair value less cost of disposal, calculations of both require the use of significant assumptions. Determination as to whether and how much an asset is impaired involve management estimates and judgements such as forecasted crude oil prices, forecasted production volumes, forecasted operating costs and capital expenditures and discount rates. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions of forecasted crude oil prices, forecasted production volumes, forecasted operating costs and capital expenditures and discount rates. As at December 31, 2025, the carrying amounts of oil properties are approximately HK$64,879,000 (2024: HK$100,095,000).

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

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

**Asset retirement obligations**

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

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

The Group currently operates exploration, exploitation and operation of crude oil business mainly in the PRC. The outcome of environmental and other similar obligations under proposed or future environmental legislation cannot reasonably be estimated at present, which could be material. Under existing legislation, however, the directors of the Company are in their opinion that there are no probable liabilities that are in addition to amounts which have already been reflected in the consolidated financial statements that will have a material adverse effect on the financial position of the Group. As at December 31 2025, the carrying amount of provision for asset retirement obligations is approximately HK$34,451,000 (2024: HK$22,638,000).

*For the year ended 31 December 2025*

## 5. REVENUE

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

| | For the year ended 31 December 2025 | | | | |
|---|---|---|---|---|---|
| Segments | 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 |

## 5. REVENUE (CONTINUED)

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

| | For the year ended 31 December 2024 | | | |
|---|---|---|---|---|
| **Segments** | Trading business HK$'000 | Storage business HK$'000 | Exploration, exploitation and operation of crude oil business HK$'000 | Total HK$'000 |
| **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 |

## 5. REVENUE (CONTINUED)

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

#### Trading of commodities

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

*For the year ended 31 December 2025*

## 5. REVENUE (CONTINUED)

### (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<br>HK$'000 | 2024<br>HK$'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<br>HK$'000 | 2024<br>HK$'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);

## 6. SEGMENT INFORMATION (CONTINUED)

(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) |

## 6. SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results *(continued)*

**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).

## 6. SEGMENT INFORMATION (CONTINUED)

### Other segment information

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

Amounts included in the measure of segment profit or loss:

**For the year ended 31 December 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) |

*For the year ended 31 December 2025*

## 6. SEGMENT INFORMATION (CONTINUED)

### Other segment information *(continued)*

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

Amounts included in the measure of segment assets:

**For the year ended 31 December 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 |

*For the year ended 31 December 2025*

## 6. SEGMENT INFORMATION (CONTINUED)

### Other segment information *(continued)*

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

*For the year ended 31 December 2025*

## 7. OTHER INCOME AND OTHER GAINS AND LOSSES

### A. Other income

| | 2025 HK$'000 | 2024 HK$'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 HK$'000 | 2024 HK$'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) |

*For the year ended 31 December 2025*

## 8. FINANCE COSTS

| | 2025 HK$'000 | 2024 HK$'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 HK$'000 | 2024 HK$'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.

*For the year ended 31 December 2025*

## 9. INCOME TAX EXPENSES (CONTINUED)

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 HK$'000** | **The PRC (including Hong Kong and Macao) HK$'000** | **Total HK$'000** | Singapore HK$'000 | The PRC (including Hong Kong and Macao) HK$'000 | Total HK$'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.

*For the year ended 31 December 2025*

## 10. LOSS BEFORE TAXATION

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

| | 2025<br>HK$'000 | 2024<br>HK$'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.

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

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

During the 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**<br>**HK$'000** | 2024<br>HK$'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**<br>**Number of**<br>**employees** | 2024<br>Number of<br>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).

*For the year ended 31 December 2025*

## 12. DIVIDENDS

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**<br>**HK$'000** | 2024<br>HK$'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 |

*For the year ended 31 December 2025*

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

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

| | |
|---|---|
| Properties | Over the shorter of the term of the lease, or 20 years |
| Storage tanks | Over the shorter of the term of the lease, or 20 years |
| Leasehold improvements | Over the shorter of the term of the lease, or 3–4 years |
| Plant and machinery | 5%–33$^1/_3$% |
| 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).

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

### Impairment assessment of oil properties

With the approaching of the expiration date of the PSC in 2027, the management of the Group noticed that there might be a decrease in the recoverable amount of its oil properties, which is under exploration, exploitation and operation of crude oil segment, and hence considered that there was an indicator of impairment and performed an impairment assessment accordingly.

The recoverable amount of the oil properties has been determined by value-in-use approach adopted by an independent qualified professional valuer engaged by the Group, using cash flow projections based on financial budgets covering until the expiration date of the PSC in 2027 approved by the management of the Group.

In performing the impairment assessment, the key assumptions and input data adopted by the management include forecasted crude oil prices, forecasted production volumes, forecasted operating costs and capital expenditures and discount rates. Management adopted (a) the forecasted crude oil prices based on the approved financial budgets and also bench-marked against a range of price forecasts published by various banks and industry organisations; (b) the forecasted production volumes based on management's production plan for the remaining contract periods, which is below the estimated reserve volume as set out in the reserve report; (c) the forecast operating costs and capital expenditures based on the Group's financial budget and business plan; and (d) the pre-tax discount rate reflected specific risks relating to the relevant business.

The key assumptions used in determining the recoverable amount are as follows:

| | **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).

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

### 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 tanks 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).

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

### Impairment assessment of commercial property and car park spaces

The Group assessed impairment loss for the commercial property and car park spaces by considering its recoverable amount, having regard to the change in market conditions in Hong Kong. The recoverable amount of the property and car park spaces is estimated based on the fair value less costs of disposal of the commercial property and car park spaces, which is estimated reference to comparable sales transactions as available in the relevant market with adjustments to reflect the condition and location of the related properties. In assessing the fair value, the Group adopted a direct comparison method. The key unobservable inputs for the commercial property and car park spaces are the premium or discount for quality of properties (e.g. view, level and building age of the commercial property and car park spaces) ranging from -14.0% to 8.8% (2024: from -18.8% to 10.7%). Impairment loss of HK$11,414,000 on the commercial property and car park spaces was recognised for the year ended 31 December 2025 (2024: HK$49,344,000).

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

## 15. INVESTMENT PROPERTIES (CONTINUED)

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.

*For the year ended 31 December 2025*

## 17. INTERESTS IN ASSOCIATES (CONTINUED)

### 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**<br>**HK$'000** | 2024<br>HK$'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**<br>**HK$'000** | 2024<br>HK$'000 |
|---|---|---|
| Revenue | **131,605** | 219,313 |
| (Loss)/profit for the year | **(36,718)** | 30,112 |

*For the year ended 31 December 2025*

## 17. INTERESTS IN ASSOCIATES (CONTINUED)

Reconciliation of the above summarised financial information to the carrying amount of the Group's interest in Sinochem Port recognised in the consolidated financial statements is as follows:

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

| | **2025 HK$'000** | 2024 HK$'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).

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## 20. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

### A. Trade Receivables

| | 2025<br>HK$'000 | 2024<br>HK$'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<br>HK$'000 | 2024<br>HK$'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.

*For the year ended 31 December 2025*

## 20. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

### B. Other receivables, deposits and prepayments

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

| | 2025 HK$'000 | 2024 HK$'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) |

## 21. FINANCIAL ASSETS AT FVTPL (CONTINUED)

### Listed securities held for trading

| | **2025** **HK$'000** | 2024 HK$'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 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** **HK$'000** | 2024 HK$'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** **HK$'000** | 2024 HK$'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** **HK$'000** | 2024 HK$'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.

*For the year ended 31 December 2025*

## 25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES (CONTINUED)

### C. Provisions

| | 2025<br>HK$'000 | 2024<br>HK$'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<br>HK$'000 | 2024<br>HK$'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<br>HK$'000 | 2024<br>HK$'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.

## 27. LEASES (CONTINUED)

### The Group as a lessee *(continued)*

**Right-of-use assets** *(continued)*

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

*For the year ended 31 December 2025*

## 28. DERIVATIVE FINANCIAL INSTRUMENTS

| | 2025<br>HK$'000 | 2024<br>HK$'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.

## 28. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

**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 fixed rates 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** **HK$'000** | 2024 HK$'000 |
|---|---|---|
| Deferred tax assets | **37,428** | 38,242 |

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

| | **Depreciation on oil assets** HK$'000 | **Others** HK$'000 | **Total** 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.

*For the year ended 31 December 2025*

## 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.

*For the year ended 31 December 2025*

## 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 |

## 32. ACQUISITION OF SUBSIDIARIES IN PRIOR YEAR (CONTINUED)

Since the acquisition date, Success Plus has contributed approximately HK$69,338,000 and approximately HK$8,414,000 to the Group's revenue and profit for the year of 2024. If the acquisition had occurred on 1 January 2024, the Group's revenue and loss would have been approximately HK$1,678,785,000 and approximately HK$314,307,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future performance.

The Group has incurred the acquisition-related costs of approximately HK$1,007,000 for valuation and due diligence services. The amount has been recognised in the administrative expenses.

## 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.

*For the year ended 31 December 2025*

## 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.

*For the year ended 31 December 2025*

## 35. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

### Equity-settled share option schemes *(continued)*

**Share Option Scheme** *(continued)*

As the fair value of advisory services provided by the advisers could not 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**<br>**HK$'000** | 2024<br>HK$'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<br>Financial assets at FVTPL<br>HK$'000 | <br>Financial assets at amortised cost<br>HK$'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 |

*For the year ended 31 December 2025*

## 37. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

| | 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 HK$'000 | Financial assets at amortised cost HK$'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 |

## 37. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

| | | 31 December 2024 | |
|---|---|---|---|
| | Notes | Financial liabilities at FVTPL HK$'000 | Financial liabilities at amortised cost HK$'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).

*For the year ended 31 December 2025*

## 37. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

### Fair value measurements of financial instruments *(continued)*

**(a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis** *(continued)*

*Fair value hierarchy at 31 December 2025 and 2024*

| | At 31 December 2025 | | | |
|---|---|---|---|---|
| | **Level 1 HK$'000 *(note (i))*** | **Level 2 HK$'000** | **Level 3 HK$'000** | **Total HK$'000** |
| **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 HK$'000 *(note (i))* | Level 2 HK$'000 | Level 3 HK$'000 | Total HK$'000 |
| **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 |

## 37. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

### Fair value measurements of financial instruments *(continued)*

#### (a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis *(continued)*

*Fair value hierarchy at 31 December 2025 and 2024 (continued)*

*notes:*

(i) Quoted bid prices in active markets.

(ii) Difference between the contracted strike prices and prevailing futures and swap prices or published indexes at the end of each reporting period. Such prevailing futures and swap prices or published indexes are derived from the relevant futures exchanges or prices publication as specified in the contracts.

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.

## 37. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

### Financial assets and financial liabilities subject to offsetting enforceable master netting arrangements and similar agreements

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

The amounts recognised for the derivative financial assets, derivative financial liabilities and deposits placed with brokers in relation to futures and swap contracts do not meet the criteria for offsetting in the Group's consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable upon an event of default.

| | Gross amounts of recognised financial assets (liabilities) HK$'000 | Gross amounts of recognised financial assets (liabilities) set-off in the consolidated statement of financial position HK$'000 | Net amounts of financial assets (liabilities) presented in the consolidated statement of financial position HK$'000 | Related amounts not set off in the consolidated statement of financial position | | Net amount HK$'000 |
|---|---|---|---|---|---|---|
| | | | | Financial instruments HK$'000 | Cash collateral HK$'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.

## 38. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risks *(continued)*

**Currency risk**

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| | **2025 HK$'000** | 2024 HK$'000 | **2025 HK$'000** | 2024 HK$'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.

## 38. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risks *(continued)*

**Other price risks** *(continued)*

*(ii) Equity price risk*

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL. As at 31 December 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.

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## 38. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Liquidity risk *(continued)*

To the extent that interests are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

| | Weighted average effective interest rate % | On demand or less than 1 year HK$'000 | More than 1 year but less than 2 years HK$'000 | More than 2 years but less than 5 years HK$'000 | More than 5 years HK$'000 | Total undiscounted cash flows HK$'000 | Total carrying amount HK$'000 |
|---|---|---|---|---|---|---|---|
| **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 |

## 38. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (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.

## 38. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Credit risk and impairment assessment *(continued)*

**Other financial assets at amortised cost**

For other receivables (excluding prepayments), the management of the Group makes periodic individual assessments on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information. As at 31 December 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 |

*For the year ended 31 December 2025*

## 38. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Credit risk and impairment assessment *(continued)*

**Other financial assets at amortised cost** *(continued)*

The following table shows the credit risk exposures of the Group's financial asset at amortised cost and lease receivables which are subject to ECLs assessment:

| | Notes | External credit rating | Internal credit rating | 12m or lifetime ECLs | 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 |

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## 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<br>HK$'000 | 2024<br>HK$'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.

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## 40. CAPITAL COMMITMENTS

| | 2025 HK$'000 | 2024 HK$'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 HK$'000 | 2024 HK$'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 |

## 42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

| | 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.

*For the year ended 31 December 2025*

## 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<br>HK$'000 | 2024<br>HK$'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<br>HK$'000 | Share-based payments reserve<br>HK$'000 | Contribution surplus<br>HK$'000 | Retained profits<br>HK$'000 | Total<br>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.

## 44. PRINCIPAL SUBSIDIARIES (CONTINUED)

None of the subsidiaries had any debt securities subsisting at the end of the reporting period or at any time during the years ended 31 December 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.