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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF 49.3% OF GSR GO SCALE CAPITAL ADVISORS, LTD.

THE DISPOSAL

The Board announces that, on 17 August 2018 (after trading hours), Green Concept and the Buyer entered into the Sale and Purchase Agreement, pursuant to which Green Concept has conditionally agreed to sell and the Buyer has conditionally agreed to buy the Target Shares, representing approximately 49.3% of the shareholding in the Target Company, at a consideration of US\$10.0 million (equivalent to approximately HK\$78.0 million).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal under the Sale and Purchase Agreement, are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

WARNING: Shareholders and potential investors should note that completion of the Disposal is subject to fulfillment of the conditions precedent under the Sale and Purchase Agreement. As the Disposal may or may not proceed to completion, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE DISPOSAL

On 17 August 2018 (after trading hours), Green Concept entered into the Sale and Purchase Agreement in relation to the Disposal, details of which are set forth below.

* For identification purpose only

Date

17 August 2018 (after trading hours)

Parties

- (i) Green Concept, as seller
- (ii) the Buyer

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, the Buyer is an Independent Third Party.

Assets to be disposed

The Target Shares, i.e. 36 voting shares in the Target Company, representing approximately 49.3% of the shareholding in the Target Company.

Further information in relation to the Target Company is set forth under the paragraph headed “Information of the Target Company” below.

Consideration for the Disposal and basis for determining the consideration

US\$10.0 million (equivalent to approximately HK\$78.0 million), which shall be payable by the Buyer at completion. The consideration for the Disposal was arrived at after arm’s length negotiations between Green Concept and the Buyer with reference to, among other things, the business of investment and management of funds and the undertakings by another shareholder of the Target Company on procuring new agreements on terms no less favourable than those under the licensing agreement previously entered, which has been terminated.

Conditions Precedent

Completion of the Disposal is conditional upon, among other things, fulfillment or waiver of the following:

- (a) completion of due diligence by the Buyer in relation to the Target Group with the results of such due diligence to the satisfaction of the Buyer; and
- (b) the right of first refusal under the Shareholders Agreement has not been exercised by another shareholder of the Target Company, or has been waived or expired;
- (c) obtaining of all the relevant internal and governmental approvals and other necessary consents and approvals required in relation to the transactions contemplated thereunder.

Pursuant to the Sale and Purchase Agreement, all the conditions precedent should be fulfilled on or before 12:00 noon on 31 December 2018 (or such other time and date as Green Concept and the Buyer may agree from time to time).

Completion

Completion shall take place upon the third business day after the date on which all of the conditions precedent under the Sale and Purchase Agreement have been fulfilled or waived or such other date as shall be mutually agreed between Green Concept and the Buyer.

Information of the Target Company

The Target Company is a company incorporated in the Cayman Islands on 21 January 2015 with limited liability. As at the date hereof, it is held as to approximately 50.7% by another shareholder of the Target Company and approximately 49.3% by Green Concept. The Target Company is in the business of investment and management of funds.

Based on the unaudited management accounts of the Target Company prepared in accordance with International Financial Reporting Standards, the Target Company recorded a net loss (before and after taxation) of approximately US\$6.5 million and a net profit (before and after taxation) of approximately US\$2.9 million for the two financial years ended 31 December 2016 and 2017, respectively, and the net assets of the Target Company as at 30 June 2018 was approximately US\$8,000.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Reference is made to the announcements of the Company dated 7 September 2017 and 21 June 2018 in relation to, among other things, the Fund Investment and the Acquisition (as defined therein). As the conditions precedent for the Fund Investment under the Limited Partnership Agreement (as defined therein) have not been fulfilled in full (or waived) on or before 31 March 2018 (the “LLP Long Stop Date”) and the parties had not reached an agreement to extend the LLP Long Stop Date, the Fund Investment had lapsed as of 31 March 2018. The Company does not have any obligations under the Subscription Agreement (as defined therein) and Limited Partnership Agreement, including without limitation, to make any capital contribution thereto. The Disposal offers an opportunity for the Group to realise its investment in the Acquisition at a satisfactory consideration.

The Directors expect to recognise an unaudited gain of approximately HK\$2,000, being the difference between the consideration and the carrying amount attributable to Target Shares. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to audit and will be determined as at the date of Completion.

The Directors expect that the net proceeds from the Disposal will be used for pursuing investment opportunities in business development if and when they arise in future, and for general working capital purposes of the Group. The Board considers that the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Upon completion of the Disposal, the Target Company will cease to be a joint venture of the Company.

INFORMATION ON THE GROUP

The Company is an investment holding company. The Group is principally engaged in the trading of oil products, including crude oil, petroleum products, petrochemicals and coal, as well as proprietary trading of crude oil and oil products related derivative products and securities.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Sale and Purchase Agreement, are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that completion of the Disposal is subject to fulfillment of the conditions precedent under the Sale and Purchase Agreement. As the Disposal may or may not proceed to completion, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Buyer”	Mr. Wang Qiang, an Independent Third Party
“Company”	Strong Petrochemical Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Completion Date”	the date on which the completion of the Disposal shall take place, which shall be on the third business day upon fulfillment or waiver of all the conditions precedent under the Sale and Purchase Agreement, or such other date as agreed between Green Concept and the Buyer
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Target Shares by Green Concept to the Buyer pursuant to the Sale and Purchase Agreement
“Green Concept”	Green Concept Global Limited, a company incorporated in the British Virgin Islands with limited liability, an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	party independent from the Company and/or its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Sale and Purchase Agreement”	the conditional sale and purchase agreement entered into among Green Concept and the Buyer dated 17 August 2018 in relation to the Disposal
“Share(s)”	ordinary share(s) of par value HK\$0.025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shareholders Agreement”	the shareholders agreement dated 7 September 2017 in connection with the Target Company and entered into amongst others, Green Concept and another shareholder of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	GSR GO Scale Capital Advisors, Ltd., a company incorporated in the Cayman Islands with limited liability
“Target Group”	Target Company and its subsidiaries
“Target Shares”	36 voting shares in the Target Company, representing approximately 49.3% shareholding in the Target Company
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

Unless the context requires otherwise, amounts denominated in US\$ have been converted into HK\$ at an exchange rate of US\$1 = HK\$7.80 for the purpose of illustration only. No representation is made that any amount in HK\$ or US\$ has been or could have been or could be converted at the relevant dates at the above rate or any other rates or at all.

By order of the Board
STRONG PETROCHEMICAL HOLDINGS LIMITED
Wang Jian Sheng
Chairman

Hong Kong, 17 August 2018

As at the date of this announcement, the Board comprises two executive Directors and three independent non-executive Directors. The executive Directors are Mr. Wang Jian Sheng and Mr. Yao Guoliang. The independent non-executive Directors are Dr. Chan Yee Kwong, Ms. Cheung Siu Wan and Mr. Deng Heng.