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STRONG PETROCHEMICAL HOLDINGS LIMITED

海峡石油化工控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 852)

DISCLOSEABLE TRANSACTION

**REGARDING ACQUISITION OF 40% EQUITY INTERESTS IN
ASIA SIXTH ENERGY RESOURCES LIMITED**

The Board is pleased to announce that on 18 November 2010 (after trading hours) Excellent Harvest, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with Asia Sixth and Sixth Energy, pursuant to which, Excellent Harvest conditionally agreed, among other things, to subscribe for a total 67 new Asia Sixth Shares, which in aggregate represent 40% of the enlarged issued share capital of Asia Sixth.

On 1 November 2010, Asia Sixth had entered into the Aral Acquisition Agreement with, among others, Azden Management and Caspian Energy, under which Asia Sixth has agreed to acquire 10% direct and 50% indirect participating interest in Aral, a legal entity established under the laws of the Republic of Kazakhstan. Aral has (i) a subsurface use right for exploration of crude oil in the Northern Block located in Aktobe Oblast of the Republic of Kazakhstan pursuant to the Exploration Contract; and (ii) a subsurface use right for production of crude oil in the East Zhagabulak field in Aktobe Oblast of the Republic of Kazakhstan for a term of 25 years commencing from 28 July 2010 pursuant to the Production Contract.

As at the date of this announcement, Aral Petroleum Capital was granted an exploration licence as well as a production licence in North Block. i) The exploration licence covers an area of 3,449km² with a series of exploration structures, the low, best and high estimated Prospective Recoverable Resource are approximately 72,783,000 barrels, 217,699,000 barrels and 708,214,000 barrels respectively; ii) The production licence covers a producing oil field namely, East Zhagabulak (EZ field) with 2 producing wells (EZ213 and EZ301). The EZ301 has commenced operation since 3 January 2006 with aggregate daily production capacity of approximately 335 barrels, which will expect to increase to 600 barrels after additional pump is installed. The EZ213 has commenced operation since 15 Feb 2004 but was shut-in since Aug 2010 due to maintenance, the aggregate daily production capacity will reach 400 barrels after production is resumed. The estimated proved plus probable reserves (2P) for EZ field are approximately 6,228,000 barrels.

Through the Subscription, the Company will acquire 24% effective interest in Aral. It will enable the Company entering into the upstream sector of oil industry and becoming an oil producer. In addition, it will create business synergies with the Group's existing oil trading and downstream businesses, which in turn, broaden the revenue base of the Group and strengthen its competitive advantage for its existing oil trading business.

Excellent Harvest's obligation to complete the transactions under the Subscription Agreement is subject to the fulfilment or waiver of certain conditions precedent as set out in the section headed "Conditions Precedent to the Subscription for new Asia Sixth Shares" below.

As the relevant percentage ratios under the Listing Rules in respect of the Subscription exceed 5% but are less than 25%, the Subscription Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and therefore subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under the Listing Rules.

INTRODUCTION

On 18 November 2010 (after trading hours), Excellent Harvest, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with Asia Sixth and Sixth Energy, pursuant to which, Excellent Harvest conditionally agreed, among other things, to subscribe for a total 67 new Asia Sixth Shares, which in aggregate represent 40% of the enlarged issued share capital of Asia Sixth following the Subscription, at the subscription price of US\$67, which shall be paid by cash. As part of the transaction under the Subscription Agreement, each of Excellent Harvest and Sixth Energy has agreed to provide the Shareholders Loan to Asia Sixth in proportion their shareholding in Asia Sixth in the manner set out in the Shareholders Loan Agreement and thus, Excellent Harvest's contribution to the Shareholders Loan will be US\$11.24 million.

On 1 November 2010, Asia Sixth had entered into the Aral Acquisition Agreement and all other ancillary agreements with, among others, Azden Management and Caspian Energy Ltd, under which Asia Sixth has agreed to acquire 10% direct and 50% indirect participating interest in Aral, a legal entity established under the laws of the Republic of Kazakhstan. As at the date of this Announcement, Aral has (i) a subsurface use right for exploration of crude oil in the Northern Block located in Aktobe Oblast of the Republic of Kazakhstan pursuant to the Exploration Contract; and (ii) a subsurface use right for production of crude oil in the East Zhagabulak field in Aktobe Oblast of the Republic of Kazakhstan for a term of 25 years commencing from 28 July 2010 pursuant to the Production Contract.

SUMMARY OF THE SUBSCRIPTION AGREEMENT

Date 18 November 2010

Parties: Excellent Harvest, a wholly-owned subsidiary of the Company

Asia Sixth

Sixth Energy

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, each of Asia Sixth and Sixth Energy and their respective beneficial owner(s) are Independent Third Parties.

Subscription Price and Shareholders Loan payable Excellent Harvest

Pursuant to the Subscription Agreement, Excellent Harvest shall:-

- (i) pay the Subscription Price of US\$67; and
- (ii) take up and assume the payment obligation of its contribution to the Shareholders Loan in the sum of US\$11,240,000, which shall be paid in the following manner:-
 - (a) a sum of US\$2,800,000 be reimbursed to Sixth Energy upon Completion;
 - (b) a sum of US\$6,840,000 be loaned to Asia Sixth for payment of consideration to Frasan Wood and \$800,000 to be loaned to Asia Sixth and on-loaned to Caspian;
 - (c) a sum of US\$800,000 be paid to Asia Sixth and on-loaned to Caspian on the first anniversary of the Completion Date;

- (d) the balance of US\$800,000 be paid to Asia Sixth and on-loaned to Caspian on the second anniversary of the Completion Date;

The Shareholders Loan, which is interest free, is granted to Asia Sixth for purpose of enabling Asia Sixth to fulfil its payment obligation under the Aral Acquisition Agreement. Unless Asia Sixth has exercised its right to prepay in whole or part of the Shareholders Loan, the Shareholders Loan shall be repaid to each of Excellent Harvest and Sixth Energy on a pro rata basis on the date falling five years after the date of the Shareholder Loan Agreement.

The total cash consideration payable by Excellent Harvest, which will be satisfied by the Group from its internal resource, were determined after arm's length negotiation between Excellent Harvest, Asia Sixth and Sixth Energy with reference to (i) the estimated proved plus probable reserves (2P) for EZ field; (ii) the current market price of crude oil; and (iii) the business prospect of Aral.

The Directors are of the view that the Subscription Agreement was entered into on normal commercial terms such that the terms thereof are fair and reasonable and in the interest of the Shareholders and the Company as a whole.

Assets to be acquired

Pursuant to the Subscription Agreement, Excellent Harvest agreed to subscribe for 67 new Asia Sixth Shares. Asia Sixth had 100 shares in issue immediately prior to the Subscription Agreement. Upon completion of the Subscription, Excellent Harvest will hold 67 new Asia Sixth Shares, representing 40% of the enlarged issued share capital of Asia Sixth. Upon Completion, Asia Sixth will be accounted for as an associated company of the Group.

Other Transaction Agreements

Upon Completion, Excellent Harvest, Sixth Energy and Asia Sixth will enter into (i) a Shareholders' Agreement for the purpose of regulating their relationship as shareholders inter se and with the Asia Sixth; and (ii) the Shareholders' Loan Agreement in relation to a loan up to US\$28,100,000 to Asia Sixth to be made by Excellent Harvest and Sixth Energy to list in proportion to their respective shareholding in Aral.

Conditions precedent of the subscription for new Asia Sixth Shares

Excellent Harvest's obligation to complete the transaction under the Subscription Agreement is conditional upon fulfilment of the following conditions having been fulfilled or waived (as the case may be):

- (i) the Aral Acquisition Agreement have been duly executed and a certified true copy of the Aral Acquisition Agreement has been delivered to Excellent Harvest;
- (ii) Asia Sixth has completed its due diligence review on Aral, its business and assets pursuant to Aral Acquisition Agreement and Asia Sixth having provided the said due diligence report to Excellent Harvest;
- (iii) each of warranties given by Asia Sixth in the Subscription Agreement shall be true and correct in all material respects as of the Completion as if given at the Completion;
- (iv) Asia Sixth and Sixth Energy shall have performed and complied with all covenants, agreements, and undertakings contained in the Subscription Agreement that are required to be performed or complied with that party on or before the Completion;
- (v) there are no circumstances, events or conditions occurring or arising since the date of the Subscription Agreement and on or prior to the date on which Completion takes place which has resulted or would be reasonably likely to result in a material adverse effect of either Asia Sixth or Aral, and there are no circumstances, acts or omissions that would be likely to result in the cancellation, forfeiture or suspension of the Aral Acquisition Agreement;
- (vi) receipt of true copies of the resolutions of the board of directors and shareholder of Sixth Energy approving the terms of the Transaction Agreements to which Sixth Energy is a party and the transactions contemplated therein;
- (vii) receipt of true copies of the resolutions of board of Asia Sixth and shareholders of Asia Sixth approving the Transaction Agreements and the transactions contemplated therein;
- (viii) each of the Transaction Agreements shall have been duly executed and delivered by each of Asia Sixth and Sixth Energy; and
- (ix) receipt of a written notice from Caspian and other party under Aral Acquisition Agreement that certain conditions precedent for completion of the transactions contemplated under the Aral Acquisition Agreement have been satisfied.

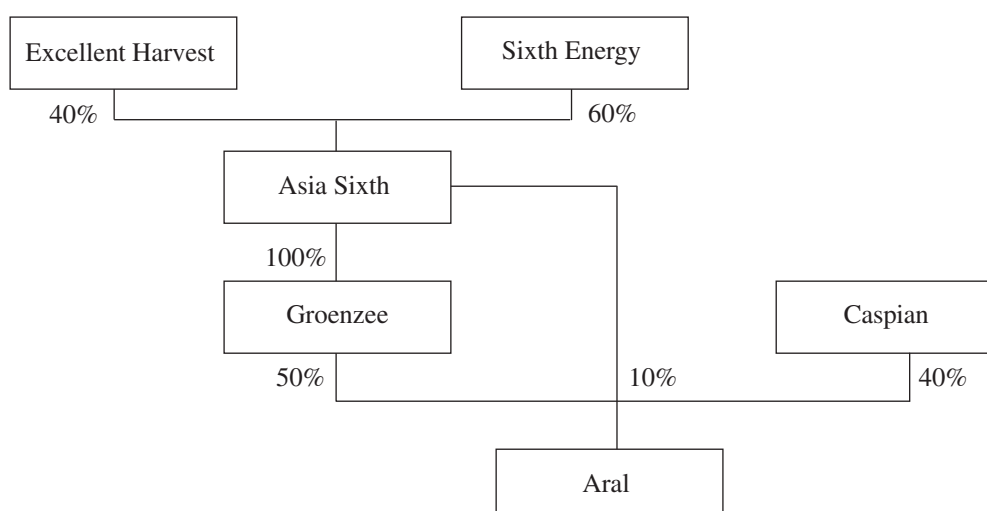
If any of the applicable conditions set out above shall not have been fulfilled (or waived or modified by Excellent Harvest, Sixth Energy or Asia Sixth, as the case may be) on or prior to 18 May 2011, 2010, Excellent Harvest shall be entitled to (i) terminate the Subscription Agreement, (ii) without prejudice to any other rights of the parties, effect the Completion so far as practicable having regard to the defaults which have occurred, or (iii) fix a new day for the Completion. In the event of termination of the Subscription Agreement by Excellent Harvest, Sixth Energy or Asia Sixth, as the case may be, no party shall have any claim against any other party save for fraud or any wilful breach of the Subscription Agreement occurring prior to termination.

COMPLETION

Completion shall take place on the earlier of 18 May 2011 or the date falling five Business Days after the date of satisfaction or waiver by Asia Sixth or Excellent Harvest, as the case may be of the condition precedents above, or such other date as the parties may reasonably and mutually agree.

BACKGROUND ON ASIA SIXTH

Pursuant to the Aral Acquisition Agreement, Asia Sixth agreed to acquire 10% participating interest in Aral from Caspian and 50% indirect participating interest in Aral through Groenzee at a consideration of US\$20,100,000 plus CEL Loan and US\$1 (subject to adjustment) respectively. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, each of Groenzee and Caspian and their respective beneficial owner(s) are Independent Third Parties. Upon completion of Aral Acquisition Agreement, each of Asia Sixth and Caspian will respectively hold 60% and 40% participating interest in Aral in the manner set out as follows:-



As at the date of this Announcement, Aral has (i) a surface use right in the northwest corner of the area in the Republic of Kazakhstan known as the Northern Block for exploration of crude oil in the Northern Block located in Aktobe Oblast of the Republic of Kazakhstan pursuant to the Exploration Contract; and (ii) a surface use right to produce crude oil in the East Zhagabulak field in Aktobe Oblast of the Republic of Kazakhstan for a term of 25 years commencing from 28 July 2010 pursuant to the Production Contract.

As at the date of this announcement, Aral Petroleum Capital was granted an exploration licence as well as a production licence in North Block. i) The exploration licence covers an area of 3,449km² with a series of exploration structures, the low, best and high estimated Prospective Recoverable Resource are approximately 72,783,000 barrels, 217,699,000 barrels and 708,214,000 barrels respectively; ii) The production licence covers a producing oil field namely, East Zhagabulak (EZ field) with 2 producing wells (EZ213 and EZ301). The EZ301 has commenced operation since 3 January 2006 with aggregate daily production capacity of approximately 335 barrels, which will expect to increase to 600 barrels after additional pump is installed. The EZ213 has commenced operation since 15 Feb 2004 but was shut-in since Aug 2010 due to maintenance, the aggregate daily production capacity will reach 400 barrels after production is reassumed. The estimated proved plus probable reserves (2P) for EZ field are approximately 6,228,000 barrels.

Financial Obligation of Asian Sixth under the Aral Acquisition Agreement

As part of the transaction under the Aral Acquisition Agreement, Asia Sixth has agreed (i) to provide a loan up to US\$2 million to Aral to conduct immediate workovers on production wells in the East Zhagabulakand; (ii) as part of the new partnership agreement amongst shareholders of Aral, to use its best endeavours to seek a total US\$80 million in debt financing for Aral to conduct further development and exploration drilling; and (iii) provide the CEL Loan to Caspian.

Board of Directors of Asia Sixth

The board of directors of Asia Sixth will comprise five directors, of which three will be appointed by Sixth Energy and two by Excellent Harvest as long as Sixth Energy and Excellent Harvest shall have a shareholding percentage in Asia Sixth of at least 60% and 40% respectively. The chairman of the board of directors of Asia Sixth shall be one of the directors nominated by Sixth Energy and the chairman will not have a casting vote.

REASONS FOR SUBSCRIBING FOR ASIA SIXTH SHARES

The Group is principally engaged in the trading of oil products, including crude oil, petroleum products and petrochemical products. Trading products are being procured from Oil Majors, National oil companies and other international oil trading companies, and being sold to the PRC customers mainly.

Through the Subscription, the Company will acquire 24% effective interest in Aral. It will enable the Company entering into the upstream sector of oil industry and becoming an oil producer. In addition, it will create business synergies with the Group's existing oil trading and downstream businesses, which in turn, broaden the revenue base of the Group and strengthen its competitive advantage for its existing oil trading business.

The Directors, including the non-executive Directors, consider that the terms of the Subscription are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS OF THE LISTING RULES

As the relevant percentage ratios under the Listing Rules in respect of the Subscription exceed 5% but are less than 25%, the Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and therefore subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meaning:

“Announcement”	the announcement of the Company dated 18 November 2010 in relation to the Subscription
”Aral”	Aral Petroleum Capital LLP, a legal entity established under the laws of the Republic of Kazakhstan
“Aral Acquisition Agreement”	the sale and purchase agreement dated 1 November 2010 entered into between, amongst others, Asia Sixth, Azden Management Limited and Caspian Energy Ltd pursuant to which Asia Sixth agreed to purchase a 60% participating interest in Aral from Azden Management and Caspian Energy Ltd.

“Asia Sixth”	Asia Sixth Energy Resources Limited, an exempted company incorporated with limited liability in the British Virgin Islands and is wholly owned by Sixth Energy as at the date of this announcement
“Asia Sixth Shares”	Ordinary shares and any other shares of Asia Sixth, whether fully or partly paid
“Azden Management”	Azden Management Limited, a company established under the laws of Belize
“Caspian”	Caspian Energy Ltd, a company established under the laws of the province of Ontario, Canada and a wholly owned subsidiary of Caspian Energy Inc, the shares of which are listed on the Toronto Stock Exchange
“CEL Loan”	the facility up to US\$6 million to be provided by Asia Sixth to Caspian in three US\$2 million tranches over a two-year period from the closing of the Aral Acquisition Agreement and subject to the fulfilment of certain conditions precedent
“Completion”	the completion of all transactions under the Subscription Agreement
“Completion Date”	The date on which Completion takes place
“Excellent Harvest”	Excellent Harvest Holdings Ltd., an exempted company incorporated with limited liability in the British Virgin Islands and is a wholly owned subsidiary of the Company
“Exploration Contract”	the exploration contract of 29 December 2002 entered into between the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan and Aral (as amended on 18 February 2005, 5 December 2005, 14 June 2007, 1 October 2008 and 6 November 2009)
”Groenzee”	Groenzee BV, a company established under the laws of Netherlands
“Independent Third Parties”	third party(ies) and their ultimate beneficial owner(s) which are independent of the Company and its connected persons

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Production Contract”	the production contract of 28 July 2010 entered into between the Ministry of Oil and Gas of the Republic of Kazakhstan and Aral
”PRC”	The People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for a total 67 new Asia Sixth Shares by Excellent Harvest pursuant to the Subscription Agreement and other Transaction Agreements
“Shareholders Agreement”	the shareholders agreement to be entered into by and among Excellent Harvest, Sixth Energy and Asia Sixth as at Completion
”Shareholders Loan”	an aggregate amount of loan of US\$28,100,000 to be made by Excellent Harvest and Sixth Energy to Asia Sixth in proportion to their respective shareholding in Asia Sixth to enable Asia Sixth to fulfil its obligations under the Aral Acquisition Agreement
“Shareholders Loan Agreement”	the shareholders loan agreement to be entered into by and among Excellent Harvest, Sixth Energy and Asia Sixth as at Completion
“Transaction Agreements”	the Subscription Agreement, Shareholders Agreement and the Shareholders Loan Agreement.
“Sixth Energy”	The Sixth Energy Limited, an exempted company incorporated with limited liability in the British Virgin Islands and is wholly owned by Mr. Zhao Wei

By order of the Board
Strong Petrochemical Holdings Limited
Wang Jian Sheng
Chairman

Hong Kong, 18 November 2010

As at the date of this announcement, the Board comprises three executive directors and three independent non-executive directors. The executive directors are Mr. Wang Jian Sheng, Mr. Yao Guoliang, and Mr. Wong Wing. The independent non-executive directors are Mr. Zhu Yao Bin, Mr. Lau Hon Kee and Ms. Lin Yin.