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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)**

### **(1) UPDATE ON SUSPECTED MISAPPROPRIATION OF THE GROUP'S ASSETS (2) NON-COOPERATION OF SUBSIDIARIES AND (3) CONTINUED SUSPENSION OF TRADING**

#### **(1) UPDATE ON SUSPECTED MISAPPROPRIATION OF THE GROUP'S ASSETS**

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Strong Petrochemical Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) to give the shareholders of the Company and potential investors an update on the suspected misappropriation of the Group’s assets by Ms. Kwan Pui Shan (“**Ms. Kwan**”), the former chief financial officer of the Group, Mr. Wang Jian Sheng (“**Wang Senior**”) and his son, Mr. Wang Pang Paul (“**Wang Junior**”) as set out in the announcement of the Company dated 26 December 2024 (“**Announcement dated 26 December 2024**”). Terms and expressions used in this Announcement shall bear the same meanings used in the Announcement dated 26 December 2024 unless the context below suggests otherwise.

As referred to in the Announcement dated 26 December 2024, the Company has been carrying out an internal investigation into the suspected misappropriation. In furtherance of such investigation, the Company has engaged Mr. Anoop Gidwani and Prosmart Consultancy Services Limited (“**External Investigator**”) to review the relevant accounting records of the Company among other things.

## **Key Findings of the External Investigator**

Key findings of the External Investigator are summarized in the format of a forensic investigation report as below:

- between 2020 to 2024, expenses claims made by Wang Senior and Wang Junior amounting to approximately HK\$1.5 million had been paid to them by the Group.
- the above expenses claims were paid to the claimants without approval trail, or were paid to the claimants but not authorized in accordance with the Company's internal policy, for example, the payments involved each of Wang Senior and Wang Junior approving his own expenses claims or approving each other's expenses claims, and notwithstanding Wang Junior holding no official position within the Company.

In addition, for the period between 2020-2024, Wang Senior has also made potential double claim through Hotel and entertainment expenses up to HK\$1.86 million.

## **Views of the External Investigator**

Views of the External Investigator are summarized below:

- there was abuse of power and conflict of interest on the part of Wang Senior who overrode the Company's internal controls for the benefit of himself and Wang Junior.
- there was failure on the part of Ms. Kwan to ensure compliance with the relevant internal control policies, to ensure the accounting records of the Company truly reflect the financial transactions of the Company, and to report fraudulent and unauthorized claims.
- various theft and dishonesty related offences under the laws of Hong Kong may have been committed.

## **Recommendation of the External Investigator**

The External Investigator had made recommendation that the suspected misappropriation be referred to the relevant law enforcement agencies for criminal investigation.

As set out in the Announcement dated 26 December 2024, the Company has filed a report to the police force in relation to their alleged misappropriation of the Group's assets. The Company is seeking legal advice on the findings of the External Investigator and will follow up with the police force as and when appropriate.

The Board will keep the shareholders of the Company and potential investors informed of any further development in connection with the suspected misappropriation by way of further announcement(s) as and when appropriate.

## (2) NON-COOPERATION OF SUBSIDIARIES

Under the influence exerted by Mr. Zhang He over 淄博海峽匯能石油化工有限公司 (Zibo Strong Huineng Petrochemical Limited\*) (“**Zibo Huineng**”) and 海南海峽匯能石油化工有限公司 (Hainan Strong Huineng Petrochemical Limited\*) (“**Hainan Huineng**”), both of which are indirect wholly-owned subsidiaries of the Company, it has come to the attention of the Company that the subsidiaries have not followed operation instructions regarding trade contracts and improperly transferred over US\$11 million to external entities. Mr. Zhang He currently still holds that position of legal representative of Zibo Huineng and he was the ex-General Manager of Hainan Huineng. In spite of the termination of the contract of Mr. Zhang He in October 2024, he has not been cooperative in handing over the chops, U-keys and bank tokens of Zibo Huineng. Furthermore, financial personnel of Zibo Huineng has refused to provide financial statements to the Company.

The company is currently gathering further information and actively seeking legal advice on PRC laws to resolve the situation, and where necessary and appropriate, take legal actions against the relevant personnels and entities.

## (3) CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading of the shares of the Company was suspended with effect from 9:00 a.m. on 31 December 2024, will remain suspended.

By Order of the Board  
**Strong Petrochemical Holdings Limited**  
**Deng Heng**  
*Chairman of the Board*

Hong Kong, 12 January 2025

*As at the date of this announcement, the Board comprises four executive Directors and three independent non-executive Directors. The executive Directors are Mr. Wang Jian Sheng (executive duties suspended), Mr. Yao Guoliang, Dr. Ma Yi and Dr. Tan Xiao. The independent non-executive Directors are Mr. Deng Heng, Ms. Jiao Jie and Mr. Lai Wai Chi.*

\* For identification purpose only