SINOPEC KANTONS HOLDINGS LIMITED

（中石化冠德控股有限公司）*

(incorporated in Bermuda with limited liability)

(Stock Code: 934)

INTERIM RESULTS ANNOUNCEMENT

The board of directors of Sinopec Kantons Holdings Limited (the "company") is pleased to announce that the unaudited interim results of the company and its subsidiaries (collectively the "group") for the six months ended 30 June 2007, together with the comparative figures for the corresponding period in 2006, were as follows:

CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the six months ended 30 June 2007
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2007	2006
	Note	***$'000***	*$'000*
Continuing operations			
Turnover	*2*	**10,624,244**	6,933,898
Cost of sales		**(10,464,554)**	(6,798,308)
Gross profit		**159,690**	135,590
Other revenue	*2*	**1,262**	1,458
Selling and administrative expenses		**(22,650)**	(19,052)
Profit from operations		**138,302**	117,996
Finance costs		**(30,243)**	(10,389)
Profit before taxation	*3*	**108,059**	107,607
Income tax	*4*	**(20,889)**	(10,815)
Profit from continuing operations		**87,170**	96,792
Loss from discontinued operation		**-**	(168)
Profit for the period		**87,170**	96,624
Attributable to:			
– Equity shareholders of the company		**87,170**	69,909
– Minority interests		**–**	26,715
Profit for the period		**87,170**	96,624

	Note		
Dividends payable to equity shareholders of the company attributable to the period			
Interim dividend declared during the period	*5*	**15,552**	15,552
Basic and diluted earnings/(loss) per share	*6*		
- Continuing operations		8.41 cents	6.76 cents
- Discontinued operation		N/A	(0.02) cents

CONSOLIDATED BALANCE SHEET (UNAUDITED)

at 30 June 2007

(Expressed in Hong Kong dollars)

	Note	**At 30 June 2007** *$'000*	At 31 December 2006 *$'000*
Non-current assets			
Fixed assets			
– Property, plant and equipment		**2,071,443**	1,451,343
– Construction in progress		**53,942**	403,641
– Interest in leasehold land held for own use under operating lease		**28,987**	28,765
		2,154,372	1,883,749
Current assets			
Inventories		**800,285**	897,806
Trade and other receivables	*7*	**2,722,079**	1,358,291
Cash and cash equivalents		**82,619**	30,972
		3,604,983	2,287,069
Current liabilities			
Trade and other payables	*8*	**2,614,356**	1,343,801
Unsecured bank loans		**1,327,929**	1,115,987
Current taxation		**27,339**	19,227
		3,969,624	2,479,015
Net current liabilities		**(364,641)**	(191,946)
NET ASSETS		**1,789,731**	1,691,803
CAPITAL AND RESERVES			
Share capital		**103,683**	103,683
Reserves		**1,686,048**	1,588,120
TOTAL EQUITY		**1,789,731**	1,691,803

Notes:

1 Basis of preparation

These unaudited consolidated interim financial statements are prepared in accordance with the requirements of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited, including compliance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The accounting policies and methods of computation used in the preparation of these interim financial statements are consistent with those used in the group's annual financial statements for the year ended 31 December 2006.

HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") that are effective or available for early adoption for accounting periods beginning on or after 1 January 2007. The Board of Directors has determined the accounting policies expected to be adopted in the preparation of the group's annual financial statements for the year ended 31 December 2007, on the basis of HKFRSs currently in use.

2 Segment reporting

Segment information is presented in respect of the group’s business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the group’s internal financial reporting.

Business segments

For management purposes, during 2007, the group was organised into two operating divisions, namely trading of crude oil, petroleum and petrochemical products and the rendering of crude oil jetty services. An analysis of the group’s turnover and operating profit by business segments for the period is as follows:

	Trading of crude oil, petroleum and petrochemical products		**Crude oil jetty services**		**Inter-segment elimination**		**Unallocated**		**Consolidated**	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006	**2007**	2006
	$’000	$’000	**$’000**	$’000	**$’000**	$’000	**$’000**	$’000	**$’000**	$’000
Revenue										
Revenue from external customers	**10,436,621**	6,769,843	**187,623**	164,055					**10,624,244**	6,933,898
Inter-segment revenue			**2,459**	6,380	**(2,459)**	(6,380)				
Other revenue from external customers	**65**	-	**228**	363			**969**	1,095	**1,262**	1,458
Total	**10,436,686**	6,769,843	**190,310**	170,798	**(2,459)**	(6,380)	**969**	1,095	**10,625,506**	6,935,356
									Consolidated	
									2007	2006
									$’000	*$’000*
Segment result	52,346	27,561	93,905	101,279	(1,279)	(3,956)			**144,972**	124,884
Unallocated interest income									**967**	622
Unallocated corporate expenses									**(7,637)**	(7,510)
Profit from operations									**138,302**	117,996

The segment of retail and wholesale of petroleum products was disposed of in December 2006.

Geographical segments

Substantially all the group’s activities are based in the People’s Republic of China (the “PRC”) and more than 90% of the group’s turnover and contribution to profit from ordinary activities before taxation are derived from the PRC for both periods.

3 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2007	2006
	$'000	*$'000*
Interest income	**(967)**	(1,236)
Interest on borrowings	**34,490**	12,076
Amortisation charge for interest in leasehold land held for own use under operating leases	**526**	502
Depreciation	**60,660**	42,769
Operating lease charges for machinery and vessel	**1,310**	1,196

4 Income tax

	Six months ended 30 June	
	2007	2006
	$'000	*$'000*
Current tax – Hong Kong Profits Tax		
Provision for the period	**3,990**	3,500
Current tax – Outside Hong Kong		
Provision for the period	**16,899**	7,315
	20,889	10,815

The provision for Hong Kong Profits Tax for 2007 is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the period. Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant countries.

One of the company's subsidiaries established in the PRC, which commenced operations in March 1997, enjoys full tax exemption for its first five profit making years and a tax reduction of 50% for the next five years in respect of its jetty operations. The year 2006 is the tenth year that the subsidiary started to have a taxable profit. Accordingly, the tax holiday enjoyed by this subsidiary has expired and its applicable income tax rate is 18% effective from 1 January 2007.

From 1 January 2008, as a result of the Fifth Plenary Session of the Tenth National People's Congress which passed the Corporate Income Tax Law of the People's Republic of China ("new tax law"), the income tax rate is expected to gradually increase to the standard rate of 25% over a five-year transition period. However, the new tax law has not set out the details as to how the existing preferential tax rate will gradually increase to the standard rate of 25%.

No provision for deferred taxation has been made for the period ended 30 June 2007 as the effect of all temporary difference is not material.

5 Dividends

(a) Dividends payable to equity shareholders of the company attributable to the period

Pursuant to the board meeting held on 15 August 2007, the Directors declared an interim dividend of 1.5 cents per share totalling $15,552,000 in respect of the six months ended 30 June 2007 (2006: 1.5 cents per share, totalling $15,552,000). This dividend has not been recognised as a liability at 30 June 2007.

(b) Dividends payable to equity shareholders of the company attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2007	2006
	$'000	*$'000*
Final dividend in respect of the financial year ended 31 December 2006, approved and paid during the interim period, of 2 cents per share (2006: 1.5 cents per share)	**20,737**	15,552

Pursuant to the shareholders' approval at the Annual General Meeting of the company held on 16 May 2007, a final dividend of 2 cents per share totalling $20,737,000 in respect of the year ended 31 December 2006 was paid on 8 June 2007.

6 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent of $87,170,000 (six months ended 30 June 2006: $69,909,000) and 1,036,830,000 (2006: 1,036,830,000) ordinary shares in issue during the period.

Diluted earnings per share has not been presented because there were no dilutive potential ordinary shares in issue for both periods.

7 Trade and other receivables

	At 30 June 2007	*At 31 December 2006*
	$'000	$'000
Trade and bills receivable	**405,877**	214,218
Amounts due from holding companies and fellow subsidiaries arising from		
- Trading transactions	**2,119,840**	941,655
- Non-trade transactions	**188,544**	184,188
Other receivables	**7,818**	18,230
	2,722,079	1,358,291
	=======	=======

Debts are due within 30 days from the date of billing. Debtors with balances that are more than 3 months overdue are requested to settle all outstanding balance before any further credit is granted.

The amounts due from holding companies and fellow subsidiaries mainly represent balances arising from trading transactions, except for an amount of $153,000,000, being the consideration receivable from China Petroleum & Chemical Corporation in respect of the disposal of the entire equity interests in one of the group's subsidiaries, Kantons Gas Station Investment & Management Co., Limited during the year ended 31 December 2006. The balance was settled on 20 July 2007.

These balances are unsecured, interest free and are repayable on demand.

Included in trade and other receivables are trade debtors, bills receivable and amounts due from holding companies and fellow subsidiary arising from trading transactions (net of impairment losses for bad and doubtful debts) with the following ageing analysis as of the balance sheet date:

	At 30 June 2007	*At 31 December 2006*
	$'000	$'000
Current or less than 1 month overdue	**2,426,061**	1,076,950
1 to 3 months overdue	**72,003**	77,549
More than 3 months overdue but less than 12 months overdue	**27,653**	1,374
	2,525,717	1,155,873
	=======	=======

8 Trade and other payables

Included in trade and other payables are creditors and bills payable with the following ageing analysis:

	At 30 June 2007	*At 31 December 2006*
	$'000	$'000
Trade and bills payable	**259,873**	129,537
Amount due to holding companies and fellow subsidiaries arising from		
- Trading transactions	**1,459,424**	433,008
- Non-trade transactions	**651,088**	638,131
Creditors and accrued charges	**243,971**	143,125
	2,614,356	1,343,801
	========	========

The amounts due to holding companies and fellow subsidiaries mainly represent balances arising from trading transactions, except for an amount of $594,000,000, being the consideration payable to Sinopec Guangzhou Petrochemical Complex for acquisition of the 30% equity interests in Huade Petrochemical Company Limited during the year ended 31 December 2006. The balance is expected to be settled upon completion of the relevant share transfer registration procedures.

These balances are unsecured, interest free and are repayable on demand.

Included in trade and other payables are trade creditors, bills payable and amounts due to holding companies and fellow subsidiaries arising from trading transactions with the following ageing analysis as of the balance sheet date:

	At 30 June 2007	*At 31 December 2006*
	$'000	$'000
Due within 1 month or on demand	**1,448,470**	469,166
Due after 1 month but within 3 months	**214,290**	49,636
Due after 3 months but within 6 months	**56,537**	43,743
	1,719,297	562,545
	========	========

INTERIM DIVIDENDS

The Directors recommend the payment of an interim dividend of HK$1.5 cents per share to shareholders whose names appear on the register of members of the company on 14 September 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the company will be closed from 17 September 2007, (Monday) to 21 September 2007 (Friday) (both days inclusive) during which period no transfer of shares can be registered. In order to qualify for the proposed interim dividend, all share transfers, accompanied by the relevant share certificates, must be lodged with Tricor Secretaries Limited (卓佳秘書商務有限公司), the branch share registrars of the Company at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on 14 September, 2007 (Friday). The cheques for dividend payment will be sent on about 28 September, 2007 (Friday).

MANAGEMENT DISCUSSION & ANALYSIS

REVIEW OF RESULTS AND PROSPECTS

For the six months ended 30 June 2007, as a result of increase in trade amount and volume, the group’s turnover from continuing operations totalled HK$10.6 billion, representing an increase of 53.2% over the corresponding period last year. Profit attributable to shareholders from continuing operations was HK87.1 million, an increase of 24.7% compared to the same period in the previous year. The increase in profit was largely due to the acquisition of additional 30% of the equity interests of Huade in the second half of 2006.

During the first half of 2007, the group’s jetty services operation increased significantly, and the group made appropriate adjustments to the jetty service charges effective from 1 January 2007. Crude oil transported reached 4.75 million tonnes, an increase of 36.49% when compared to the same period of last year; loading volume of crude oil was 4.88 million tonnes, representing an increase of 37.85% over the same period of last year. The jetty segment recorded a turnover of HK$190 million and net profit after tax of HK$75 million for the first half of the year, representing a growth of 11.11% and a decrease of 15.73% respectively compared to the corresponding period of last year.

For the period ended 30 June 2007, the group’s trading business recorded a significant growth. The group sold 2.13 million tonnes of crude oil, realising a sales revenue of HK$7.32 billion, representing an increase of 51.06% and 49.08% respectively over the same period of last year; sales of different kinds of petrochemicals was 0.47 million tonnes, realising a sales revenue of HK$2.5 billion, an increase of 23.68% and 31.58% respectively over the same period of last year. The trading business realised a net profit of HK$20.16 million, representing an increase of 19% over last year.

Looking forward to the second half of this year, the business volume of our jetty services is expected to increase, which is in line with the increasing refining capacity of our customers in the second half of the year. We will devote ourselves to explore the international trading segment in an environment, which is full of challenges and externally uncertainties. The group will see maximizing shareholders’ benefits as it main objective, and will strictly control its risk and operate in a prudent manner, so as to increase the group’s profitability from time to time.

LIQUIDITY AND SOURCE OF FINANCE

As at 30 June 2007, cash on hand and bank balances totaled approximately HK$82.6 million (31 December 2006: HK$31 million); bank borrowings was HK$1,328 million (31 December 2006: HK$1,116 million) of which all was short-term bank borrowings.

GEARING RATIO

As at 30 June 2006, the group's current ratio (current assets to current liabilities) was 0.91 (31 December 2006: 0.92) and gearing ratio (total liabilities to total assets) was 69% (31 December, 2006: 59%).

EXCHANGE RISK

As the group's operations are in the PRC, including Hong Kong and Macau, and all its assets and liabilities are denominated either in Renminbi, Hong Kong dollars or US dollars, the Directors believe that the operations of the group are not subject to significant foreign exchange risk.

EMPLOYEES AND EMOLUMENT POLICIES

As at 30 June 2007, the group had a total of 177 employees, basically the same as at the beginning of the year. Remuneration packages including basic salary, bonus and benefit in kind are structured by reference to market terms, trend of human resources costs in various regions and employee's contribution based on performance appraisal. Subject to the profit for the group and the performance of the employees, the group may also provide discretionary bonus to its employees as an incentive for their further contribution.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 30 June 2007, none of the Directors or chief executive of the company had any interest or short position in any shares, underlying shares or debentures of the company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under section 352 of SFO or as otherwise required to be notified by the Directors and the chief executive of the company to the company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set forth in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, the Directors are not aware of any person (other than Directors and chief executive of the company) who, as at 30 June 2007, had an interest or short position in the shares or underlying shares of the company as recorded in the register required to be kept by the company under section 336 of SFO:

Name of Shareholder	Nature of interests	Number of ordinary shares	Capacity	Percentage to the issued share capital of the Company
Sinopec Kantons International Limited	Corporate	750,000,000	Beneficial	72.34%

Note: The entire issued share capital of Sinopec Kantons International Limited was held by China Petroleum & Chemical Corporation. The controlling interest in the registered capital of China Petroleum & Chemical Corporation was held by China Petrochemical Corporation.

CORPORATE GOVERNANCE

The group has complied throughout the six months to 30 June 2007 with the applicable provisions of the Code on Corporate Governance Practices (the "Code") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

Neither the company nor any of its subsidiaries purchased, sold or redeemed any of the company's listed securities during the period.

REMUNERATION COMMITTEE

A Remuneration Committee was established in accordance with the requirements of the Code. Remuneration Committee comprises three independent non-executive directors and two executive directors, of which one of the independent non-executive directors being the chairperson of the committee.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors of the Company. The Audit Committee has reviewed with the management and the external auditors the accounting principles and practices adopted by the group and discussed auditing, internal controls and financial reporting matters including the review of the financial statements.

CODE FOR SECURITIES TRANSACTIONS

During the period of six months ended 30 June 2007, all the directors of the company confirmed that they have met with the standards of the "Code on Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 of the Listing Rules.

PUBLICATION OF FURTHER INFORMATION ON WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

The financial and other information required by paragraph 45(1) to 45(3) of Appendix 16 to the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited.

By Order of the Board
Wang Li Sheng
Chairlady

Hong Kong, 15 August 2007

* *For identification purposes only*

As at the date of the announcement, the Board of Directors comprises of the followings:

Executive Directors
Mr. Wang Li Sheng *(Chairlady)*
Mr. Zhu Zeng Qing *(Vice-Chairman)*
Mr. Zhu Jian Min
Mr. Tan Ke Fei
Mr. Zhou Feng
Mr. Ye Zhi Jun *(Managing Director)*

Independent Non-executive Directors
Mr. Wong Po Yan
Ms. Tam Wai Chu, Maria
Mr. Fong Chung, Mark