SINOPEC KANTONS HOLDINGS LIMITED
（中石化冠德控股有限公司）*

(incorporated in Bermuda with limited liability)

(Stock Code: 934)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Sinopec Kantons Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2009 together with the comparative figures for the previous financial year.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2009
(Expressed in Hong Kong dollars)

	Note	2009 $'000	2008 $'000
Turnover	3 & 8	**21,281,232**	29,349,906
Cost of sales		**(20,971,843)**	(28,969,764)
Gross profit		**309,389**	380,142
Other revenue		**7,780**	3,358
Other net loss		**(2,251)**	(40,133)
Distribution costs		**(5,630)**	(11,002)
Administrative expenses		**(30,899)**	(38,999)
Profit from operations		**278,389**	293,366
Finance costs	4(a)	**(29,975)**	(100,440)
Profit before taxation	4	**248,414**	192,926
Income tax	5	**(51,587)**	(47,639)
Profit for the year		**196,827**	145,287
Basis and diluted earnings per share (cents)	7	**18.98**	14.01

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2009
(Expressed in Hong Kong dollars)

	2009	2008
	$'000	*$'000*
Profit for the year	**196,827**	145,287
Other comprehensive income for the year:		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of nil tax	**3,879**	129,035
Total comprehensive income for the year	**200,706**	274,322

CONSOLIDATED BALANCE SHEET

At 31 December 2009

(Expressed in Hong Kong dollars)

	Note	**2009**	2008
		$'000	*$'000*
Non-current assets			
Fixed assets			
– Investment properties		**34,438**	35,479
– Other property, plant and equipment		**1,850,264**	1,978,271
– Interests in leasehold land held for own use under operating leases		**66,099**	69,391
		1,950,801	2,083,141
Current assets			
Inventories		**736,334**	282,695
Non-current assets held for sale		**65,597**	65,496
Trade and other receivables	*9*	**2,416,188**	1,816,691
Tax recoverable		**–**	1,033
Cash and cash equivalents		**28,175**	50,813
		3,246,294	2,216,728
Current liabilities			
Trade and other payables	*10*	**1,208,840**	482,737
Bank loans	*12*	**–**	990,665
Interest-bearing borrowings	*11*	**1,665,992**	677,854
Current taxation		**11,728**	2,495
		2,886,560	2,153,751
Net current assets		**359,734**	62,977
NET ASSETS		**2,310,535**	2,146,118
CAPITAL AND RESERVES			
Share capital		**103,683**	103,683
Reserves		**2,206,852**	2,042,435
TOTAL EQUITY		**2,310,535**	2,146,118

NOTES TO THE FINANCIAL INFORMATION

(Expressed in Hong Kong dollars)

1 Basis of preparation

This financial information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. This financial information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the group and the company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the group for the current and prior accounting periods reflected in this financial information.

The annual results have been reviewed by the audit committee of the Company (the "Audit Committee"). The figures in respect of the announcement of the Group's result for the year ended 31 December 2009 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

2 Changes in accounting policies

The HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new interpretations that are first effective for the current accounting period of the group and the company. Of these, the following developments are relevant to the group's financial information:

- HKFRS 8, *Operating segments*
- HKAS 1 (revised 2007), *Presentation of financial statements*
- Improvements to HKFRSs (2008)
- Amendments to HKAS 27, *Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate*
- Amendments to HKFRS 7, *Financial instruments: Disclosures – improving disclosures about financial instruments*
- HKAS 23 (revised 2007), *Borrowing costs*

The amendments to HKAS 23 have had no material impact on the group's financial information as the amendments are consistent with policies already adopted by the group. In addition, the amendments to HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the group's financial information. The impact of the remainder of these developments is as follows:

– HKFRS 8 requires segment disclosure to be based on the way that the group's chief operating decision maker regards and manages the group, with the amounts reported for each reportable segment being the measures reported to the group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the group's financial information into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is consistent with internal reporting provided to the group's most senior executive management. The adoption of HKFRS 8 does not change the group's classification of operating segments as compared with prior years. Corresponding amounts have been provided on a basis consistent with the revised segment information.

– As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

– The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009 all dividends receivable from subsidiaries whether out of pre-or post-acquisition profits, will be recognised in the company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

3 Turnover

The principal activities of the group are trading of crude oil, petroleum and petrochemical products and the operating of a crude oil jetty and its ancillary facilities.

Turnover represents the sales value of goods supplied to customers and income from providing crude oil jetty services, net of related sales taxes. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2009	2008
	$'000	*$'000*
Trading of crude oil, petroleum and petrochemical products	**20,764,040**	28,842,830
Crude oil jetty services	**517,192**	507,076
	21,281,232	29,349,906

In 2009, the group derived revenue from its intermediate holding company and various entities which are under common control of this intermediate holding company from the segments of trading of crude oil, petroleum and petrochemical products and crude oil jetty services amounting to $19,082,535,000 (2008: $22,097,363,000) and $491,076,000 (2008: $490,088,000) respectively.

4 Profit before taxation

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

	2009	2008
	$'000	*$'000*
(a) Finance costs:		
Interest on bank advances and bank borrowings wholly repayable within five years	**29,975**	100,568
Less: Borrowing costs capitalised as construction in progress *	**–**	(128)
	29,975	100,440

* The borrowing costs were capitalised at a rate of 3.78%-5.68% per annum in 2008.

	2009	2008
(b) Staff costs:		
Salaries, wages and other benefits (i)	**9,021**	31,954
Contribution to defined contribution retirement plans	**2,214**	1,515
	11,235	33,469

(i) This amount included a write back of directors' fees provided for in previous years amounting to $18,851,000 as the company's executive directors have agreed to waive their entitlements to directors' fees.

	2009	2008
	$'000	*$'000*
(c) Other items:		
Cost of inventories	**20,703,395**	28,699,238
Depreciation	**142,108**	141,365
Amortisation of interests in leasehold land held for own use under operating leases	**3,402**	3,777
Auditors' remuneration	**1,079**	1,069
Net loss on disposal of property, plant and equipment	**2,225**	–
Impairment loss on property, plant and equipment	**–**	4,786
Impairment loss on other receivables	**6,814**	–
Operating lease charges		
– property rentals	**1,978**	1,978
– hire of other assets	**1,071**	1,173

5 Income tax in the consolidated income statement

Taxation in the consolidated income statement represents:

	2009	2008
	$'000	*$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**4,792**	5,400
(Over)/under-provision in respect of prior years	**(162)**	805
	4,630	6,205
Current tax – Outside Hong Kong		
Provision for the year	**46,957**	41,434
	51,587	47,639

The provision for Hong Kong Profits Tax for 2009 is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the year. Taxation for subsidiaries outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant countries.

Pursuant to the notice on the Implementation Rules of the Grandfather Relief under the PRC's Corporate Income Tax Law Guofa (2007) No. 39, issued on 26 December 2007 by the State Council, the applicable income tax rate for the group's foreign-invested enterprise in the People's Republic of China (the "PRC subsidiary") is 18%, 20%, 22%, 24% and 25% for 2008, 2009, 2010, 2011 and 2012, respectively.

Pursuant to the new tax law passed on 16 March 2007, a 10% withholding tax will be levied on dividends declared to foreign investors from the PRC effective from 1 January 2008. Further to the issuance of Guofa (2007) No.39, the Ministry of Finance and State Administration of Taxation released notice Caishui (2008) No.1 on 22 February 2008, stating that the distributions of the pre-2008 earnings of a foreign-invested enterprise to a foreign investor in 2008 or later will be exempted from withholding tax. At 31 December 2009, temporary differences relating to the post-2007 undistributed profits of the group's PRC subsidiary amounted to $337,571,000 (2008: $171,720,000). Deferred tax liabilities of $33,757,000 (2008: $17,172,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the company controls the dividend policy of this PRC subsidiary and the company's directors have determined that the PRC subsidiary will not declare dividends out of its post-2007 profits in the foreseeable future.

6 Dividends

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

	2009	2008
	$'000	*$'000*
Interim dividend declared and paid of 1.5 cents per ordinary share (2008: 1.5 cents per ordinary share)	**15,552**	15,552
Final dividend proposed after the balance sheet date of 2.0 cents per ordinary share (2008: 2.0 cents per ordinary share)	**20,737**	20,737
	36,289	36,289

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

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

	2009	2008
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during they year, of 2.0 cents per share (2008: 2.0 cents per share)	**20,737**	20,737

7 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the company of $196,827,000 (2008: $145,287,000) and on 1,036,830,000 (2008: 1,036,830,000) ordinary shares in issue throughout the year.

Diluted earnings per share is the same as basic earnings per share because there were no dilutive potential ordinary shares in issue in current and prior year.

8 Segment reporting

The group manages its businesses by divisions, which are organised by business lines (products and services). On first-time adoption of HKFRS 8, *Operating segments* and in a manner consistent with the way in which information is reported internally to the group's most senior executive management for the purposes of resource allocation and performance assessment, the group has identified two reportable segments, namely trading of crude oil, petroleum and petrochemical products and the rendering of crude oil jetty services. No operating segments have been aggregated to form the following reportable segments.

– Trading of crude oil, petroleum and petrochemical products: this segment trades crude oil, processes and trades crude oil products and chemical and petrochemical products. Currently, the majority of the trading activities are carried out in Hong Kong.

– Crude oil jetty services: this segment provides crude oil transportation, unloading, storage and other jetty services for oil tankers. Currently the group's activities in this regard are carried out in the People's Republic of China ("PRC").

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the group's senior executive management monitors the results, assets and liabilities attributable to each reporting segment on the following bases:

Segment assets include all tangible assets and current assets with the exception of other corporate assets. Segment liabilities include trade and other payables attributable to the activities of the individual segments, bank loans and interest-bearing borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the deprecation or amortisation of assets attributable to those segments. However, other than reporting inter-segment crude oil jetty services, assistance provided by one segment to another, including sharing of assets, is not measured.

The measure used for reporting segment profit is "segment operating profit". Segment operating profit includes the operating profit generated by the segment and finance costs directly attributable to the segment. Items that are not specifically attributed to individual segments, such as unallocated other revenue, unallocated other net income or loss, unallocated depreciation and amortisation, unallocated finance costs and other corporate administrative costs are excluded from segment operating profit.

The unallocated income, expenses, assets and liabilities are disclosed in the reconciliation of reportable segment revenues, profit or loss, assets and liabilities in note 8(b) to the financial information.

In addition to receiving segment information concerning segment operating profit, management is also provided with segment information concerning revenue, interest income, interest expense, depreciation and amortisation and additions to non-current segment assets used by the segments in their operations.

Information regarding the group's reportable segments as provided to the group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year ended 31 December 2009 and 2008 is set out below.

	Trading of crude oil, petroleum and petrochemical products		**Crude oil jetty services**		**Total**	
	2009	2008	**2009**	2008	**2009**	2008
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue						
Revenue from external customers	**20,764,040**	28,842,830	**517,192**	507,076	**21,281,232**	29,349,906
Inter-segment revenue	**–**	–	**2,557**	2,889	**2,557**	2,889
Reportable segment revenue	**20,764,040**	28,842,830	**519,749**	509,965	**21,283,789**	29,352,795
Reportable segment profit (segment operating profit)	**25,097**	30,828	**228,710**	223,243	**253,807**	254,071
Interest income	**17**	699	**519**	505	**536**	1,204
Finance costs	**(11,706)**	(84,253)	**–**	(2,656)	**(11,706)**	(86,909)
Depreciation and amortisation for the year	**(1,320)**	(1,320)	**(143,982)**	(143,668)	**(145,302)**	(144,988)
Reportable segment assets	**2,572,923**	1,830,343	**2,564,735**	2,382,820	**5,137,658**	4,213,163
Additions to non-current segment assets during the year	**97**	878	**24,007**	41,063	**24,104**	41,941
Reportable segment liabilities	**2,146,733**	1,397,742	**53,423**	76,281	**2,200,156**	1,474,023

(b) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

	2009	2008
	$'000	*$'000*
Revenue		
Reportable segment revenue	**21,283,789**	29,352,795
Elimination of inter-segment revenue	**(2,557)**	(2,889)
Consolidated turnover	**21,281,332**	29,349,906
Profit		
Reportable segment profit	**253,807**	254,071
Elimination of inter-segment profits	**(1,227)**	(1,372)
Reportable segment profit derived from group's external customers	**252,580**	252,699
Unallocated other revenue and net income/(loss)	**24,380**	(36,775)
Unallocated depreciation and amortisation	**(208)**	(154)
Unallocated finance costs	**(18,269)**	(13,531)
Unallocated other corporate administrative costs	**(10,069)**	(9,313)
Consolidated profit before taxation	**248,414**	192,926
Assets		
Reportable segment assets	**5,137,658**	4,213,163
Elimination of inter-segment receivables	**(3,178)**	(621)
	5,134,480	4,212,542
Unallocated corporate assets	**62,615**	87,327
Consolidated total assets	**5,197,095**	4,299,869
Liabilities		
Reportable segment liabilities	**2,200,156**	1,474,023
Elimination of inter-segment payables	**(3,178)**	(621)
	2,196,978	1,473,402
Unallocated corporate liabilities	**689,582**	680,349
Consolidated total liabilities	**2,886,560**	2,153,751

9 Trade and other receivables

	2009	2008
	$'000	*$'000*
Trade receivables	**32,504**	49,409
Amounts due from holding companies and fellow subsidiaries		
– Trade-related	**2,267,177**	1,720,643
– Non-trade	**114,283**	34,975
Other receivables	**2,224**	11,664
	2,416,188	1,816,691

Debts are due within 30 to 90 days from the date of billing. Generally, debtors with balances that are more than three months overdue are requested to settle all outstanding balances before any further credit is granted.

All of the trade and other receivables are expected to be recovered within one year. The amounts due from holding companies and fellow subsidiaries are unsecured, interest free and are repayable on demand or with a credit term of 30 to 90 days.

Ageing analysis

Included in trade and other receivables are trade debtors and amounts due from holding companies and fellow subsidiaries arising from trading transactions with the following ageing analysis as of the balance sheet date:

	2009	2008
	$'000	*$'000*
Current	**1,898,085**	1,581,729
Less than 1 month past due	**44,657**	4,421
1 to 3 months past due	**135,824**	68,913
More than 3 months past due but less than 12 months past due	**221,115**	114,989
Amounts past due	**401,596**	188,323
	2,299,681	1,770,052

Receivables that are current relate to a wide range of customers for whom there is no recent history of default.

Receivables that were past due but not impaired mainly relate to trade receivables due from the company's intermediate holding company. The group's PRC subsidiary derived the majority of its jetty service income from its intermediate holding company ("the intermediate holding company"). The intermediate holding company has been undertaking an expansion of its refining facilities during the year and has delayed settlement. The intermediate holding company is a state-owned enterprise listed in both Hong Kong and the PRC. Based on the intermediate holding company's sound financial position, the group considers there is no collection problem due to the ongoing collections and repayment history.

The group does not hold any collateral over the trade receivable balances.

10 Trade and other payables

	2009	2008
	$'000	*$'000*
Trade payables	**–**	4,199
Amounts due to holding companies and fellow subsidiaries		
– Trade-related	**1,066,415**	317,436
– Non-trade	**65,921**	41,369
Creditors and accrued charges	**76,504**	119,733
Financial guarantee issued	**–**	–
	1,208,840	482,737

All of the trade and other payables are expected to be settled within one year.

Amounts due to holding companies and fellow subsidiaries are unsecured, interest free and are repayable on demand or with a credit term of 30 days.

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:

	2009	2008
	$'000	*$'000*
Due within 1 month or on demand	**1,064,391**	321,064
Due after 1 month but within 3 months	**2,024**	–
Due after 3 months but within 6 months	**–**	571
	1,066,415	321,635

11 Interest-bearing borrowings

The analysis of the carrying amount of interest-bearing borrowings is as follows:

	2009	2008
	$'000	*$'000*
Loans from a fellow subsidiary	**1,665,992**	677,854

Included in the above is a loan obtained in July 2008 from Sinopec Century Bright Capital Investment Limited ("Century Bright"), a fellow subsidiary of the company, of US$87 million, equivalent to $677,854,000 (2008: $677,854,000), to repay the consideration for the acquisition of the 30% equity interest in Huade Petrochemical Company Limited ("Huade") in 2006. Pursuant to the loan agreement, the loan has a maturity of six months from the date of the loan agreement and it had been renewed semi-annually since July 2008. The loan is unsecured and bears fixed interest at 1.6% (2008: 4.7%) per annum, which is the London Interbank Offered Rate ("LIBOR") at the time of renewal of the loan agreement in August 2009 plus an interest rate spread of 0.68% (2008: 1.55%).

During 2009, the group also obtained short-term import loans for its crude oil, petroleum and petrochemical trading business from Century Bright. As at 31 December 2009, the short-term loan amounted to US$127 million (equivalent to $988,138,000). The loans are unsecured and bear fixed interest at 0.7% per annum, which is the London Interbank Offered Rate ("LIBOR") at the time of entering into the loan agreement plus an interest rate spread of 0.48%. The short-term loans obtained from Century Bright are renewed on a monthly basis.

12 Bank loans

	2009	2008
	$'000	*$'000*
Within 1 year or on demand	–	990,665

The above bank loans as at 31 December 2008 were unsecured. These bank loans were mainly obtained for the group's crude oil, petroleum and petrochemical trading business. In 2009, the group repaid all of the above bank loans and obtained finance for its trading business from Century Bright, a fellow subsidiary of the company, as disclosed in note 11.

13 Comparative figures

As a result of the application of HKAS 1 (revised 2007), *Presentation of financial statements* and HKFRS 8 *Operating segments*, certain comparative figures have been adjusted to conform to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 2.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$2.0 cents per share for the year ended 31 December 2009 to shareholders whose names appear on the register of members of the Company on 18 May 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 12 May 2010, (Wednesday) to 18 May 2010 (Tuesday) (both days inclusive) during which period no transfer of shares can be registered. In order to qualify for the proposed final dividend, all share transfers, accompanied by the relevant share certificates, must be lodged with Tricor Secretaries Limited, 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 11 May 2010 (Tuesday). The cheques for dividend payment will be sent on or about 18 June 2010 (Friday).

MANAGEMENT DISCUSSION AND ANALYSIS

The year of 2009 was a turning point with signs of recovery following the world economy being hard hit by the global financial tsunami. The international crude oil and petrochemical prices rebounded back to a more stable track after experiencing a deep dive. The average Brent crude oil price was US$61/barrel for the year, representing a decrease of 37% as compared with the average price of US$97/barrel in 2008. The drop in crude oil price affected the trading volume of the Company to a certain extent. The Group, however, took full advantage from the decrease in the funding demand in crude oil trading following the drop in crude oil price, which considerably reduced our finance costs by 70.2% as compared with 2008, thus enabling the Group to maintain a stable growth in profit. In 2009, the Group continuously upheld our market-oriented principle, focused on efficiency, proactively responding to market changes, promptly and flexibly modifying our operating strategies and deeply restructuring our businesses. In addition, we explored aggressively to strive for long-term development of the Company, extended our business coverage and widened our income sources for continuous advancement of profitability. In 2009, the Group's turnover was HK$21.3 billion, representing a decrease of 27.5% as compared with last year, with net profit attributable to equity shareholders for the year of HK$197 million, representing an increase of 35.5% as compared with last year.

The crude oil storage and pipeline transmission operation has always been the core operation of the Group and will continue to be the main focus of the Group's business development in the future. In 2009, Huade Petrochemical, a wholly-owned subsidiary of the Company rationalised its service through the implementation of an optimisation plan for its operations and overcame the adverse effect from the operation suspension of its major customer, Sinopec Guangzhou Branch, for the scheduled overhaul of its refining plant, which prevented a sharp decrease in the volume of crude oil discharged and transported during the overhaul period. Therefore, Huade Petrochemical performed well in maintaining the volume of crude oil discharged and transported with only a slight decrease recorded for the year. In 2009, there were 79 oil tankers berthed, with 11.20 million tonnes of crude oil loaded and 11.21 million tonnes of crude oil transmitted, representing a drop of 4.8% and 3.8% respectively as compared with last year. Huade Petrochemical not only strengthened its crude oil storage and pipeline transmission operation, but also strived to enlarge its business scope. Huade Petrochemical widened its income stream through the provision of navigation services to CNOOC and Shell Petrochemical Company Limited. Revenue from the navigation services by Huade Petrochemical amounted to RMB19.54 million, representing an increase of 174% as compared with last year.

During 2009, Sinomart KTS terminated its trading business of petrochemical products. To minimise such effect, the Company has adopted various measures to enhance the businesses of trading crude oil and processed oil, seeking to increase its efficiency by any possible means, significantly reducing expenses and striking hard to achieve a better operating result. Our trading of crude oil reached 4.42 million tonnes for the year, an increase of 19% as compared with last year; import of oil for third party processing reached 2.53 million tonnes, an increase of 60% as compared with last year, and export of processed oil products reached 1.27 million tonnes, an increase of 104% as compared with last year.

Looking forward into 2010, it is expected that the overall business environment will gradually improve, although there are still uncertainties in the global economy. The Group will endeavour to seize every favourable development opportunity to achieve a stable growth for the Group's core business, by making scientific decisions and strengthening and enlarging our crude oil storage and pipeline transmission operations. Furthermore, the Group will improve the quality of management and services and will further strengthen its corporate governance with an aim to develop the Group into an international oil and petrochemicals storage and logistics company in the near future, as well as to deliver satisfactory results to shareholders, the society and staff of the Company.

Turnover

As of 31 December 2009, the turnover of the Company amounted to HK$21,281,232,000 (2008: HK$29,349,906,000). The decrease in turnover was due to a more significant drop in the average price of crude oil in 2009 as compared with 2008. The average Brent crude oil price was US$61/barrel in 2009 compared with an average price of US$97/barrel in 2008.

Liquidity and source of finance

As at 31 December 2009, cash on hand and bank balances totalled approximately HK$28,175,000 (31 December 2008: HK$50,831,000); interest-bearing loans from a fellow subsidiary were approximately HK$1,665,992,000 (31 December 2008: HK$677,854,000), there was no bank borrowing as at 31 December 2009, (31 December 2008: HK$ 990,665,000). The change in borrowing structure was attributable to the fact that all of the borrowings were borrowed from a fellow subsidiary Sinopec Century Bright Capital Investment Limited ("Century Bright") as it offers more competitive borrowing rates.

Gearing ratio

As at 31 December 2009, the Group's current ratio (current assets to current liabilities) was 1.12 (31 December 2008: 1.03) and gearing ratio (total liabilities to total assets) was 56% (31 December 2008: 50%).

Trade and other receivables

As at 31 December 2009, the Group's trade and other receivables balance was HK$2,416,188,000 (31 December 2008: HK$1,816,691,000). The increase in trade receivables was due to the spread settlement of crude oil trading and the outstanding receivable due from its intermediate holding company as disclosed in note 9 to the financial information.

Inventories

As at 31 December 2009, the Group had inventories of HK$736,334,000 (31 December 2008: HK$282,695,000). The significant increase in inventories as compared to the end of 2008 was due to the volatile market prices of commodities across the world during the second half of 2008. To avoid operation risks, the Group had taken measures to reduce inventories drastically, resulting in an inventory level below normal at the end of 2008. As at 31 December 2009, the Group's inventory level was at a normal level.

Exchange risk

As of 31 December 2009, each entity within the Group was not exposed to significant foreign exchange risk.

Employees and emolument policies

As at 31 December 2009, the Group had a total of 187 employees. Remuneration packages, including basic salaries, bonuses and benefits-in-kind are structured by reference to market terms, trends in human resources costs in various regions and employees' contributions based on performance appraisals. Subject to the profit for the Group and the performance of the employees, the Group may also provide discretionary bonuses to its employees as an incentive for their further contribution.

Corporate governance

The Group has complied throughout the year ended 31 December 2009 with the applicable code provisions of the Code on Corporate Governance Practices (the "Code") in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except the following: code provision E.1.2 of the Code stipulates that the chairman of the Board should attend the annual general meeting. The Chairman was unable to attend the annual general meeting held on 8 May 2009 due to work engagement and Mr. Ye Zhi Jun, the managing director of the Company, took the chair of the meeting pursuant to the Bye-laws of the Company and upon the approval of the Board.

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 of the Company (the "Remuneration Committee") has been established in accordance with the requirements of the Code. The Remuneration Committee comprises three independent non-executive directors and two executive directors, of which one of the independent non-executive directors is the chairperson.

Audit committee

The Audit Committee comprises three independent non-executive directors. 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 for the year ended 31 December 2009.

Code for securities transactions

For the year ended 31 December 2009, all the directors confirmed that they have met with the standards of the Model Code on Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

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

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinopec.com.hk).

By order of the Board
Dai Zhao Ming
Chairman

Hong Kong, 19 March 2010

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

Executive Directors
Mr. Dai Zhao Ming *(Chairman)*
Mr. Zhu Zeng Qing *(Deputy 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

* *For identification purposes only*