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 2010

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Sinopec Kantons Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2010 together with the comparative figures for the previous financial year.

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2010
(Expressed in Hong Kong dollars)

	Note	2010	2009
		$'000	*$'000*
Turnover	3	**16,592,880**	21,281,232
Cost of sales		**(16,292,059)**	(20,971,843)
Gross profit		**300,821**	309,389
Other revenue	4	**9,313**	7,780
Other net income/(loss)	4	**9,892**	(2,251)
Distribution costs		**(6,241)**	(5,630)
Administrative expenses		**(45,839)**	(30,899)
Profit from operations		**267,946**	278,389
Finance costs		**(15,898)**	(29,975)
Profit before taxation	5	**252,048**	248,414
Income tax	6	**(56,361)**	(51,587)
Profit for the year		**195,687**	196,827
Basic and diluted earnings per share (cents)	8	**18.87**	18.98

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2010
(Expressed in Hong Kong dollars)

	2010	2009
	$'000	*$'000*
Profit for the year	**195,687**	196,827
Other comprehensive income for the year (Note):		
Exchange differences on translation of financial statements of overseas subsidiaries	**73,663**	3,879
Total comprehensive income for the year	**269,350**	200,706

Note: As at 31 December 2010 and 2009, the component of other comprehensive income does not have any tax effect for the years ended 31 December 2010 and 2009.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2010
(Expressed in Hong Kong dollars)

	Note	**2010**	2009
		$'000	*$'000*
Non-current assets			
Fixed assets			
– Investment properties		**33,397**	34,438
– Other property, plant and equipment		**1,801,816**	1,850,264
– Interests in leasehold land held for own use under operating leases		**79,548**	66,099
		1,914,761	1,950,801
Current assets			
Inventories		**4,370**	736,334
Non-current assets held for sale		**–**	65,597
Trade and other receivables	*10*	**188,176**	2,416,188
Tax recoverable		**2,072**	–
Cash and cash equivalents		**724,711**	28,175
		919,329	3,246,294
Current liabilities			
Trade and other payables	*11*	**125,122**	1,208,840
Interest-bearing borrowings		**156,034**	1,665,992
Tax payable		**9,338**	11,728
		290,494	2,886,560
Net current assets		**628,835**	359,734
NET ASSETS		**2,543,596**	2,310,535
CAPITAL AND RESERVES			
Share capital		**103,683**	103,683
Reserves		**2,439,913**	2,206,852
TOTAL EQUITY		**2,543,596**	2,310,535

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.

2 Changes in accounting policies

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

- HKFRS 3 (revised 2008), *Business combination*
- Amendments to HKAS 27, *Consolidation and separate financial statements*
- Improvements to HKFRSs (2009)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

These developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

– The impact of the majority of the revisions to HKFRS 3 and HKAS 27 have not yet had a material effect on the Group's financial information as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination, a disposal of a subsidiary or a non-cash distribution) and there is no requirement to restate the amounts recorded in respect of previous such transactions.

– The amendments to HKFRS 3 (in respect of recognition of an acquiree's deferred tax assets) and HKAS 27 (in respect of allocation of losses to non-controlling interests (previously known as minority interests) in excess of their equity interest) have no impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

– The amendment introduced by the Improvements to HKFRSs (2009) omnibus standard in respect of HKAS 17, Leases, resulted in a change of classification of certain of the group's leasehold land interests located in the Hong Kong Special Administrative Region, but this had no material impact on the amounts recognised in respect of these leases as the lease premiums in respect of all such leases are fully paid and are being amortised over the remaining length of the lease term.

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:

	2010	2009
	$'000	*$'000*
Trading of crude oil, petroleum and petrochemical products	**16,033,182**	20,764,040
Crude oil jetty services	**559,698**	517,192
	16,592,880	21,281,232

4 Other revenue and other net income/(loss)

	2010	2009
	$'000	*$'000*
Other revenue		
Rental income	**1,312**	1,357
Interest income	**547**	536
Additional dividends received from a disposed subsidiary *(note)*	**–**	4,703
Recovery of doubtful other receivables	**6,884**	–
Others	**570**	1,184
	9,313	7,780

Note: The amount represented an additional dividends received from a disposed subsidiary relating to its retained profits prior to 2006. The subsidiary was disposed of in 2006.

	2010	2009
	$'000	*$'000*
Other net income/(loss)		
Net foreign exchange gain/(loss)	**10,612**	(112)
Net loss on disposal of property, plant and equipment	**(169)**	(2,225)
Others	**(551)**	86
	9,892	(2,251)

5 Profit before taxation

Profit before taxation is arrived at after charging:

	2010	2009
	$'000	*$'000*
Interest on bank borrowings and other interest-bearing borrowings	**15,898**	29,975
Depreciation	**174,819**	142,108

6 Income tax

	2010	2009
	$'000	*$'000*
Current tax-Hong Kong Profits Tax		
Provision for the year	**2,712**	4,792
Over-provision in respect of prior years	**(8)**	(162)
	2,704	4,630
Current tax-The PRC		
Provision for the year	**53,245**	46,957
Under-provision in respect of prior years	**412**	–
	53,657	46,957
	56,361	51,587

The provision for Hong Kong Profits Tax for 2010 is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the year. Taxation for the PRC and overseas subsidiaries 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 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 entities 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 2010, temporary differences relating to the post-2007 undistributed profits of the Group's PRC subsidiary amounted to $489,692,000 (2009: $337,571,000). Deferred tax liabilities of $48,969,000 (2009: $33,757,000) 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.

7 Dividends

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

	2010 *$'000*	2009 *$'000*
Interim dividend declared and paid of 1.5 cents (2009: 1.5 cents) per ordinary share	**15,552**	15,552
Final dividend proposed after the end of the reporting period of $2.0 cents (2009: 2.0 cents) per ordinary share	**20,737**	20,737
	36,289	36,289

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

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

	2010 *$'000*	2009 *$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of 2.0 cents (2009: 2.0 cents) per share	**20,737**	20,737

8 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the company of approximately $195,687,000 (2009: $196,827,000) and 1,036,830,000 (2009: 1,036,830,000) ordinary shares in issue throughout the year.

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

9 Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). 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 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 trades 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 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 investment properties, tax recoverable and other corporate assets. Segment liabilities include trade and other payables attributable to the activities of the individual segments, 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 9(b).

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 2010 and 2009 is set out below.

	Trading of crude oil, petroleum and petrochemical products		Crude oil jetty services		Total	
	2010	2009	**2010**	2009	**2010**	2009
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue						
Revenue from external customers	**16,033,182**	20,764,040	**559,698**	517,192	**16,592,880**	21,281,232
Inter-segment revenue	**–**	–	**1,565**	2,557	**1,565**	2,557
Reportable segment revenue	**16,033,182**	20,764,040	**561,263**	519,749	**16,594,445**	21,283,789
Reportable segment profit (segment operating profit)	**15,343**	25,097	**235,433**	228,710	**250,776**	253,807
Interest income	**3**	17	**251**	519	**254**	536
Finance costs	**(10,188)**	(11,706)	**–**	–	**(10,188)**	(11,706)
Depreciation and amortisation for the year	**(1,301)**	(1,320)	**(177,798)**	(143,982)	**(179,099)**	(145,302)
Reportable segment assets	**822**	2,572,923	**2,077,337**	2,564,735	**2,078,159**	5,137,658
Additions to non-current segment assets during the year	**139**	97	**25,757**	24,007	**25,896**	24,104
Reportable segment liabilities	**94,580**	2,146,733	**43,371**	53,423	**137,951**	2,200,156

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

	2010	2009
	$'000	$'000
Revenue		
Reportable segment revenue	**16,594,445**	21,283,789
Elimination of inter-segment revenue	**(1,565)**	(2,557)
Consolidated turnover	**16,592,880**	21,281,232
Profit		
Reportable segment profit	**250,776**	253,807
Elimination of inter-segment profits	**(704)**	(1,227)
Reportable segment profit derived from group's external customers	**250,072**	252,580
Unallocated other revenue and net income/(loss)	**19,205**	24,380
Unallocated depreciation and amortisation	**(208)**	(208)
Unallocated finance costs	**(5,710)**	(18,269)
Unallocated other corporate administrative costs	**(11,311)**	(10,069)
Consolidated profit before taxation	**252,048**	248,414
Assets		
Reportable segment assets	**2,078,159**	5,137,658
Elimination of inter-segment receivables	**(4,249)**	(3,178)
	2,073,910	5,134,480
Unallocated corporate assets	**760,180**	62,615
Consolidated total assets	**2,834,090**	5,197,095
Liabilities		
Reportable segment liabilities	**137,951**	2,200,156
Elimination of inter-segment payables	**(4,249)**	(3,178)
	133,702	2,196,978
Unallocated corporate liabilities	**156,792**	689,582
Consolidated total liabilities	**290,494**	2,886,560

10 Trade and other receivables

Included in trade and other receivables are trade debtors with the following ageing analysis as of the end of the reporting period:

	2010	2009
	$'000	*$'000*
Current	**48,391**	1,898,085
Less than 1 month past due	**47,589**	44,657
1 to 3 months past due	**17,745**	135,824
More than 3 months past due but less than 12 months past due	**72,583**	221,115
Amounts past due	**137,917**	401,596
	186,308	2,299,681

Trade debtors are due within 30 to 90 days from the date of billing.

11 Trade and other payables

Included in trade and other payables are trade creditors with the following ageing analysis as of the end of the reporting period:

	2010	2009
	$'000	*$'000*
Due within 1 month or on demand	**–**	1,064,391
Due after 1 month but within 3 months	**–**	2,024
	–	1,066,415

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$2.0 cents per share for the year ended 31 December 2010 to shareholders whose names appear on the register of members of the Company on 20 May 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 16 May 2011, (Monday) to 20 May 2011 (Friday) (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 13 May 2011 (Friday). The cheques for dividend payment will be sent on or about 20 June 2011 (Monday).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

In 2010, the Board remained committed to its focus on scientific development, innovation and pioneering spirit. After careful analysis and research, the Board made a major decision on both our development and business strategies, which was to seize the opportunities from China Petroleum & Chemical Corporation ("Sinopec") upon the expansion of their international operations and actively combine its market advantage in petrochemical trading and logistics, so as to develop our storage and petrochemical products shipping businesses to build the Group into a first-class international petrochemical storage and logistics company. In 2010, while we actively developed our storage and logistic projects, we adjusted our business strategy. We ceased the trading of certain products during the business transformation. In order to ensure the stability of our business results, we strengthened our business and operational management, so as to enhance the operation of Huade Petrochemical Company Limited ("Huade") storage facilities. In 2010, the Group's turnover was HK$16.6 billion, representing a decrease of 22.0% as compared with last year, with earnings attributable to equity shareholders of HK$196 million, which is in line with last year's results.

In order to develop our storage business from the integration of international petroleum trading business of Sinopec and our storage business, our controlling shareholder Sinopec conducted an internal reorganization of its shareholding structure in 2010 and transferred all of its 100% equity interest in Sinopec Kantons International Co. Ltd. to China International United Petroleum & Chemical Co., Ltd. ("UNIPEC"). UNIPEC, a wholly owned subsidiary of Sinopec, is one of the largest oil trading companies in the world, it principally engaged in import of crude oil, import and export of oil products, oil processing for Sinopec and conducts other international oil trading businesses. Through its incorporation with UNIPEC, the Group can provide ancillary storage and logistic services for UNIPEC's petroleum and petrochemical products trading business, which was an important initiative for the development of our storage business and laid a foundation for the Group to develop a stronger and larger storage and logistics business. In order to actively explore the development of our storage business and to strengthen our storage and logistics capabilities, our Group entered a joint venture framework agreement in relation to the construction of a 2.6 million m^3 oil storage complex and ancillary facilities in Indonesia in 2010. As there are currently some uncertainties involved, alternatives proposals for the project are simultaneously being prepared. Additionally, as a major initiative for the Company to participate in the petrochemical product shipping business, after consideration and approval by the Board, we entered into the "Joint Investment Agreement of LNG Shipping Investment Company" with China Shipping Development Company Limited in 2010. The set up of the joint venture is not yet completed.

In 2010, our wholly-owned subsidiary Huade strenthened its storage and production businesses by reinforcing its operational management and optimizing its storage and production, so as to enhance the capacity and efficiency of its facilities and increase the economic benefits to ensure profitability and stability during our business transformation. In 2010, there were 79 oil tankers berthed, with 11.88 million tonnes of crude oil unloaded and 11.76 million tonnes of crude oil transported, representing an increase of 6.0% and 4.9% respectively as compared with last year. Segment profit of Huade amounted to HK$235 million, representing an increase of 2.9% as compared with last year.

To achieve our business transformation and focus on the development of our storage and logistics businesses, we ceased the trading of certain petrochemical products, which has temporarily affected the results of our trading business. Our trading of crude oil reached 3.16 million tonnes for the year, a decrease of 28.4% as compared with last year; export of processed oil products reached 387,000 tonnes, a decrease of 69.5% as compared with last year. The trading business recorded revenue of HK$16.0 billion, representing a decrease of 22.8% as compared with last year; and the segment profit declined by 38.9% to HK$15.34 million as compared with last year.

Looking forward into 2011, it is expected that the global economy will gradually recover from the economic downturn and the Chinese economy will continue to maintain its rapid economic growth. The demand for petroleum and petrochemical products will increase with the economic growth. We will seize this opportunity by profiting from the continued growth in the trading of petroleum and petrochemical products, paying attention to the needs for the development of Sinopec's international operation and actively carrying out the establishment and operation of the petrochemical storage and logistics business, so as to achieve an ideal strategic positioning for the Group as soon as possible and create better returns for our shareholders.

Turnover

For the year ended 31 December 2010, the turnover of the Group amounted to HK$16,592,880,000 (2009: HK$21,281,232,000). The decrease in turnover was due to our business transformation in 2010. In order to focus on the development of our storage business, we ceased the trading of processed oil and petrochemical products, which significantly reduced the revenue from the trading of processed oil and petrochemical products.

Liquidity and source of finance

As at 31 December 2010, cash on hand and bank balances totalled approximately HK$724,711,000 (31 December 2009: HK$28,175,000); interest-bearing loans from a fellow subsidiary were approximately HK$156,034,000 (31 December 2009: HK$1,665,992,000). There was no bank borrowing as at 31 December 2010.

Gearing ratio

As at 31 December 2010, the Group's current ratio (current assets to current liabilities) was 3.16 (31 December 2009: 1.12) and gearing ratio (total liabilities to total assets) was 10.2% (31 December 2009: 55.5%).

Trade and other receivables

As at 31 December 2010, the Group's trade and other receivables balance was HK$188,176,000 (31 December 2009: HK$2,416,188,000). The significant decrease in trade receivables was due to the cessation of the trading of processed oil and petrochemical products during the year.

Inventories

As at 31 December 2010, the Group had inventories of HK$4,370,000 (31 December 2009: HK$736,334,000). The significant decrease in inventories as compared to 2009 was due to the cessation of trading of processed oil and petrochemical products resulting from our business transformation in 2010.

Employees and emolument policies

As at 31 December 2010, the Group had a total of 188 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 2010 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.

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 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 information for the year ended 31 December 2010.

Code for securities transactions

For the year ended 31 December 2010, 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 RELATED 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, 22 March 2011

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*