Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 OF THE YEAR ENDED 31 DECEMBER 2011

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 2011 together with the comparative figures for the previous financial year.

* *For identification purposes only*

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2011
(Expressed in Hong Kong dollars)

	Note	**2011**	2010
		$'000	*$'000*
Turnover	*3*	**19,684,732**	16,592,880
Cost of sales		**(19,365,538)**	(16,292,059)
Gross profit		**319,194**	300,821
Other revenue	*4*	**10,591**	9,313
Other net income	*4*	**35,997**	9,892
Distribution costs		**(7,045)**	(6,241)
Administrative expenses		**(74,314)**	(45,839)
Profit from operations		**284,423**	267,946
Finance costs		**(3,505)**	(15,898)
Profit before taxation	*5*	**280,918**	252,048
Income tax	*6*	**(67,406)**	(56,361)
Profit for the year		**213,512**	195,687
Basic and diluted earnings per share (cents)	*8*	**20.59**	18.87

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2011
(Expressed in Hong Kong dollars)

	2011	2010
	$'000	*$'000*
Profit for the year	**213,512**	195,687
Other comprehensive income for the year (Note):		
Exchange differences on translation of financial statements of overseas subsidiaries	**104,763**	73,663
Total comprehensive income for the year	**318,275**	269,350

Note: The component of the other comprehensive income does not have any tax effect for the years ended 31 December 2011 and 2010.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2011
(Expressed in Hong Kong dollars)

	Note	**2011**	2010
		$'000	*$'000*
Non-current assets			
Fixed assets			
– Property, plant and equipment		**1,783,062**	1,801,816
– Investment properties		**32,356**	33,397
– Interests in leasehold land held for own use under operating leases		**79,209**	79,548
		1,894,627	1,914,761
Interest in associates		**419,030**	–
		2,313,657	1,914,761
Current assets			
Inventories		**41,588**	4,370
Trade and other receivables	*10*	**1,083,095**	188,176
Tax recoverable		**4,955**	2,072
Cash and cash equivalents		**771,753**	724,711
		1,901,391	919,329
Current liabilities			
Trade and other payables	*11*	**1,112,785**	125,122
Interest-bearing borrowings		**267,228**	156,034
Tax payable		**9,453**	9,338
		1,389,466	290,494
Net current assets		**511,925**	628,835
NET ASSETS		**2,825,582**	2,543,596
CAPITAL AND RESERVES			
Share capital		**103,683**	103,683
Reserves		**2,721,899**	2,439,913
TOTAL EQUITY		**2,825,582**	2,543,596

NOTES TO THE FINANCIAL INFORMATION

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Basis of preparation

The consolidated results set out in this announcement do not constitute the Group's annual financial statements for the year ended 31 December 2011, but are extracted from those financial statements.

The consolidated financial statements have 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. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The consolidated financial statements for the year ended 31 December 2011 comprise the Company and its subsidiaries and the Group's interest in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation 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 statements:

– HKAS 24 (revised 2009), *Related party disclosures*

– Improvements to HKFRSs (2010)

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

The impacts of the above are discussed below:

– HKAS 24 (revised 2009) simplifies the definition of "related party" and removes inconsistencies, which emphasises a symmetrical view of related party transactions. The revised standard also provides limited relief from disclosure of information by government-related entities in respect of transactions with the government to which the Group is related, or transactions with other entities related to the same government. These amendments have had no material impact on the Group's financial statements.

- Improvements to HKFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, *Financial instruments: Disclosures*. The disclosures about the Group's financial instruments in the financial statements have been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

3 Turnover

The principal activities of the Group are (i) trading of crude oil, petroleum and petrochemical products; (ii) operating crude oil jetty and its ancillary facilities; and (iii) providing vessel chartering for crude oil transportation and floating oil storage facilities for oil tankers.

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

	2011	2010
	$'000	*$'000*
Trading of crude oil, petroleum and petrochemical products	**18,791,627**	16,033,182
Crude oil jetty services	**612,137**	559,698
Vessel charter services	**280,968**	–
	19,684,732	16,592,880

4 Other revenue and net income

	2011	2010
	$'000	*$'000*
Other revenue		
Rental income	**1,235**	1,312
Interest income	**7,074**	547
Recovery of doubtful other receivables	**–**	6,884
Others	**2,282**	570
	10,591	9,313
Other net income		
Net foreign exchange gain	**36,308**	10,612
Net loss on disposal of property, plant and equipment	**(265)**	(169)
Others	**(46)**	(551)
	35,997	9,892

5 Profit before taxation

Profit before taxation is arrived at after charging:

	2011	2010
	$'000	*$'000*
Cost of inventories	**18,924,126**	15,983,530
Interest on bank and other borrowings wholly repayable within five years	**3,505**	15,898
Depreciation	**166,841**	174,819
Amortisation of interests in leasehold land held for own use under operating leases	**4,198**	4,488

6 Income tax

	2011	2010
	$'000	*$'000*
Current tax-Hong Kong Profits Tax		
Provision for the year	**–**	2,712
Over-provision in respect of prior years	**(1,902)**	(8)
	(1,902)	2,704
Current tax-The PRC		
Provision for the year	**68,782**	53,245
Under-provision in respect of prior years	**526**	412
	69,308	53,657
	67,406	56,361

In 2011, no Hong Kong Profits Tax provision has been made as the Group sustained an adjusted tax loss during the year. The provision for Hong Kong Profits Tax for 2010 is calculated at 16.5% of the estimated assessable profits for the year. Taxation for the PRC and overseas subsidiaries are 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 2011, temporary differences relating to the post-2007 undistributed profits of the Group's PRC subsidiary amounted to $692,160,000 (2010: $489,692,000). Deferred tax liabilities of $69,216,000 (2010: $48,969,000) 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

	2011	2010
	$'000	*$'000*
Interim dividend declared and paid of 1.5 cents (2010: 1.5 cents) per ordinary share	**15,552**	15,552
Final dividend proposed after the end of the reporting period of 2.0 cents (2010: 2.0 cents) per ordinary share (Note)	**41,473**	20,737
	57,025	36,289

Note: The amount of final dividend proposed in 2011 has already taken into account the effect of rights issue announced on 21 February 2012, on the basis of one rights share for every one existing share held on the record date.

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

	2011	2010
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of 2.0 cents (2010: 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 $213,512,000 (2010: $195,687,000) and 1,036,830,000 (2010: 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 prior years.

9 Segment reporting

Management 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 presented three reportable segments, namely trading of crude oil, petroleum and petrochemical products, rendering of crude oil jetty services and rendering of vessel charter services. No operating segments have been aggregated to form the reportable segments.

– Trading of crude oil, petroleum and petrochemical products: this segment trades crude oil, petroleum 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 PRC.

– Vessel charter services: this segment provides vessel chartering for crude oil transportation and floating oil storage facilities for oil tankers. Currently, the Group's activities in this regard are carried out in the Middle East and 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 depreciation 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, finance costs, depreciation and amortisation and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

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 2011 and 2010 is set out below.

	Trading of crude oil, petroleum and petrochemical products		Crude oil jetty services		Vessel charter services		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue								
Revenue from external customers	**18,791,627**	16,033,182	**612,137**	559,698	**280,968**	–	**19,684,732**	16,592,880
Inter-segment revenue	**–**	–	**1,359**	1,565	**–**	–	**1,359**	1,565
Reportable segment revenue	**18,791,627**	16,033,182	**613,496**	561,263	**280,968**	–	**19,686,091**	16,594,445
Reportable segment profit/(loss)	**(314)**	15,343	**272,428**	235,433	**(1,853)**	–	**270,261**	250,776
Interest income	**–**	3	**307**	251	**2**	–	**309**	254
Finance costs	**(119)**	(10,188)	**–**	–	**(799)**	–	**(918)**	(10,188)
Depreciation and amortisation for the year	**(158)**	(1,301)	**(169,666)**	(177,798)	**(1,058)**	–	**(170,882)**	(179,099)
Reportable segment assets	**517,464**	822	**2,786,333**	2,077,337	**92,094**	–	**3,395,891**	2,078,159
Additions to non-current segment assets during the year	**6**	139	**60,456**	25,757	**39**	–	**60,501**	25,896
Reportable segment liabilities	**542,467**	94,580	**450,685**	43,371	**121,245**	–	**1,114,397**	137,951

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

	2011 $'000	2010 $'000
Revenue		
Reportable segment revenue	**19,686,091**	16,594,445
Elimination of inter-segment revenue	**(1,359)**	(1,565)
Consolidated turnover	**19,684,732**	16,592,880
Profit		
Reportable segment profit	**270,261**	250,776
Elimination of inter-segment profits	**(652)**	(704)
Reportable segment profit derived from Group's external customers	**269,609**	250,072
Unallocated other revenue and net income	**44,944**	19,205
Unallocated depreciation and amortisation	**(157)**	(208)
Unallocated finance costs	**(2,587)**	(5,710)
Unallocated other corporate administrative costs	**(30,891)**	(11,311)
Consolidated profit before taxation	**280,918**	252,048
Assets		
Reportable segment assets	**3,395,891**	2,078,159
Elimination of inter-segment receivables	**–**	(4,249)
	3,395,891	2,073,910
Unallocated corporate assets	**819,157**	760,180
Consolidated total assets	**4,215,048**	2,834,090
Liabilities		
Reportable segment liabilities	**1,114,397**	137,951
Elimination of inter-segment payables	**–**	(4,249)
	1,114,397	133,702
Unallocated corporate liabilities	**275,069**	156,792
Consolidated total liabilities	**1,389,466**	290,494

(c) Geographic information

In the view of the fact that substantially all the Group's revenue was generated from the customers operated in the PRC and substantially all segment assets and capital expenditure are in the PRC, no geographical segment information is presented.

(d) Major customers

For the year ended 31 December 2011, one (2010: one) customer from trading of crude oil, petroleum and petrochemical products has transactions that exceeded 10% of the Group's revenue, amounting to HK$18,732,282,000 (2010: HK$12,487,890,000). This customer operates in the PRC.

10 Trade and other receivables

	2011	2010
	$'000	*$'000*
Trade receivables		
– Amounts due from intermediate holding company and fellow subsidiaries	**561,107**	184,280
– Third parties	**1,864**	2,028
	562,971	186,308
Other receivables		
– Amounts due from intermediate holding company and fellow subsidiaries	**314**	732
– Third parties	**519,810**	1,136
	520,124	1,868
	1,083,095	188,176

Ageing analysis

Included in trade and other receivables are trade debtors and amounts due from intermediate holding company and fellow subsidiaries arising from trading transactions with the following ageing analysis as of the end of the reporting period:

	2011	2010
	$'000	*$'000*
Current	**106,465**	48,391
Less than 1 month past due	**51,588**	47,589
1 to 3 months past due	**51,040**	17,745
More than 3 months but less than 12 months past due	**353,878**	72,583
Amounts past due	**456,506**	137,917
	562,971	186,308

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account the information specific to the customer as well as pertaining to the economic environment to which the customer operates. These receivables are due within 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

11 Trade and other payables

	2011	2010
	$'000	*$'000*
Trade payables		
– Amounts due to a fellow subsidiary	**66**	–
– Third parties	**20,005**	–
	20,071	–
Other payables		
– Amounts due to immediate holding company and fellow subsidiaries	**613,884**	69,448
Creditors and accrued charges	**71,500**	55,674
Consideration payable to acquire equity interest in an associate	**407,330**	–
	1,112,785	125,122

Included in trade and other payables are amounts due to a fellow subsidiary and third parties arising from trade-related transactions with the following ageing analysis as of the end of the reporting period:

	2011	2010
	$'000	*$'000*
Due within 1 month or on demand	**20,005**	–
Due after 1 month but within 3 months	**66**	–
	20,071	–

FINAL DIVIDENDS

The Board declared a dividend of HK$0.035 per share payable in cash for 2011 (2010: HK$0.035), excluding the interim dividend of HK$0.015 per share in cash for 2011 paid on 18 October 2011 (2010: HK$0.015 per share), the final dividend of HK$0.02 per share in cash for 2011 (2010: HK$0.02 per share) will be paid to all the shareholders whose names appear in the register of the members of the Company on 22 June 2012 (Friday).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 18 June 2012 (Monday) to 22 June 2012 (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 registrar 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 15 June 2012 (Friday). The cheques for dividend payment will be sent to shareholders on or about 6 July 2012 (Friday).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

2011 was a year of development and growth of the Company. Facing with the dual challenge of the US financial crisis and the European debt crisis, the Board of the Company remained committed to its focus on the strategic positioning and development goals of the Company's development, grasped different favourable opportunities, and actively propelled the development of the Company. With the joint efforts of all staff members together with the careful and substantial preparation and preliminary works during the past two years, we have accumulated profound knowledge and achieved significant progress and breakthrough in the storage and logistics projects. Moreover, the Company also attaches great importance to its daily operation. We continued to optimize our operation, strived to lower operating cost, and achieved steady growth in operating activities. In 2011, the Group's turnover was HK$19.685 billion, representing an increase of approximately 18.63% as compared with last year, and with earnings attributable to equity shareholders of HK$214 million, representing an increase of approximately 9.11% as compared with last year.

On 27 May 2011, the Group entered into the Zhan Jiang Port Petrochemical Terminal Co., Ltd. ("Zhan Jiang Port Petrochemical Terminal") equity interest acquisition agreement with Zhan Jiang Port Group, pursuant to which the Group acquired 50% of the equity interest in Zhan Jiang Port Petrochemical Terminal. Zhang Jiang Port is one of the major coastal ports of China, and is a key transit hub port and a major water channel in the southwestern and southern China. Zhan Jiang Port Petrochemical Terminal is responsible for the provision of oil unloading and petrochemical products storage services for Maoming Refinery, Dongxing Refinery and North Sea Refinery of Sinopec as well as other third parties. Through the acquisition of 50% equity interest in Zhan Jiang Port Petrochemical Terminal, the Group achieved breakthrough in the development of storage and logistics projects. With the great support of China Petroleum & Chemical Corporation ("Sinopec"), the Group and Sinopec entered into five crude oil terminal companies equity acquisition agreements on 3 December 2011 to acquire the 50% equity interest in Ningbo Shihua Crude Oil Terminal Co. Ltd., the 50% equity interest in Qingdao Shihua Crude Oil Terminal Co. Ltd., the 50% equity interest in Tianjin Shihua Crude Oil Terminal Co. Ltd., the 50% equity interest in Rizhao Shihua Crude Oil Terminal Co. Ltd., and the 90% equity interest in Tangshan Caofeidian Shihua Crude Oil Terminal Co. Ltd., held by Sinopec. On 31 December 2011, approval of the acquisition of the five crude oil terminal companies was successfully obtained in the special general meeting of the Company. The acquisition of 50% equity interests in Zhan Jiang Port Petrochemical Terminal and the five crude oil terminal companies is a great milestone for the future development of the Group. First of all, it will quickly increase the number of deep-water oil terminals controlled or jointly owned by the Group, and the unloading capacity of the Group will also be increased. In view of the trend of the increase in size of international oil transport tankers, the requirement of deep water conditions for the berthing of oil tankers is very strict. However, deep water coastline is rare along the coast of China and through acquisition, the number of oil terminal companies controlled or jointly owned by the Group will increase from 1 to 7. The grasp and control of coastal terminals and particularly deep water coastline resources is of great significance to the Group. Secondly, it will significantly reinforce the competitive advantage of the Group's core business, such that the Group's oil terminal business could expand rapidly to northern China, eastern China and southern China, which are the regions that have the most prosperous economy and the fastest growth in energy demand in China. This layout matches the distribution of existing refineries of the Sinopec Group. With the existing oil transmission pipelines, the Group will be at a dominant position in the oil terminal business in China. Thirdly, it will significantly enhance the capability of the Group's core business, such that the designed unloading capacity of crude oil terminals which the Group holds or has equity participation will increase from approximately 30 million tonnes/year at present to approximately 225 million tonnes/year and the number of oil terminal berths for VLCC will increase from 1 at present to 9, and the Group will become the largest oil terminal service provider in China and even in Asia. Fourthly, it will further enhance the Group's profitability. In particular, with the continued growth in crude oil demand in China, the successive commencement of operation of newly constructed crude oil terminals, and the further increase in throughput of oil terminals, the profits of the oil terminal companies are expected to grow further. Moreover, the Group has achieved good results in the development of international storage projects. On 9 January 2012, the Group entered into an equity acquisition agreement with Concord Energy Oil Terminal (Hong Kong) Limited to acquire 50% equity interest in Fujairah Oil Terminal FZC in United Arab Emirates, achieving a breakthrough in the Company's development of international storage projects. Meanwhile, negotiation is still in progress between the parties to the joint venture regarding the 2.6 million m^3 storage capacity and ancillary facilities joint venture project planned to be built in Indonesia.

In 2011, the Group continued to actively develop petrochemical products transportation projects, and also achieved good results in the development of LNG transportation projects. On 19 December 2011, the Group established a joint venture with China Shipping Group Gas Investment Co., Ltd. for the transport of 4.3 million tonnes of LNG under the Australia Pacific LNG project, so as to participate in the investment and transportation management of LNG vessel and sharing of profit from the transportation link within the industrial chain of the LNG business thereby further enhancing the profitability of the Group.

While putting great efforts in driving the storage and logistics projects, good results were also achieved in the daily operation of the Group. In 2011, Huade Petrochemical Co., Ltd ("Huade Petrochemical"), a wholly-owned subsidiary of the Company, strived to overcome unfavorable factors in storage and production by organizing production meticulously to ensure the stable operation of crude oil pipelines. In 2011, there were 88 oil tankers berthed, approximately 12.1 million tonnes of crude oil unloaded and approximately 12.05 million tonnes of crude oil transported by Huade Petrochemical, representing an increase of approximately 1.85% and approximately 1.60% respectively as compared with last year. During the year, Huade Petrochemical realized segment profit of approximately HK$272 million, representing an increase of approximately 15.71% as compared with last year. In 2011, due to business transformation, only crude oil trading was kept in the Sinomart KTS Development Limited ("Sinomart Development") a wholly-owned subsidiary of the Company. Trading of crude oil reached 3.12 million tonnes during the year, representing approximately 1.29% decrease compared with last year. In order to reverse the fall of trading volume and profit in Sinomart Development during the business transformation period, Sinomart Development commenced the vessel charter business in 2011. During the year two oil tankers were chartered with 8 voyages achieved in total that provided a positive effect to improve the profitability of Sinomart Development.

In 2011, the Group achieved good results in the development of the storage and logistics projects. We will continue our efforts in adhering to the development strategies formulated by the Board, keep innovating with keen determination and exploring aggressively. We will focus more on the quality and efficiency of development, technological advance, the green and low-carbon and people oriented, make persistent efforts, strive hard to achieve greater results in the development of storage and logistics projects, and create better return for shareholders.

Turnover

As at 31 December 2011, the Group's turnover was HK$19,684,732,000 (2010: HK$16,592,880,000), representing an increase of approximately 18.6% as compared with last year. The increase in turnover was mainly due to average crude oil price in 2011 increase as compared with last year.

Liquidity and source of finance

As at 31 December 2011, cash on hand and bank balances of the Group totalled approximately HK$771,753,000 (31 December 2010: HK$724,711,000) and interest-bearing borrowings from a fellow subsidiary were approximately HK$267,228,000 (31 December 2010: HK$156,034,000). As at 31 December 2011, the Group had no bank borrowings.

Gearing ratio

As at 31 December 2011, the Group's current ratio (current assets to current liabilities) was approximately 1.37 (31 December 2010: 3.16) and gearing ratio (total liabilities to total assets) was approximately 33.0% (31 December 2010: 10.2%).

Trade and other receivables

As at 31 December 2011, the Group's trade and other receivables totalled HK$1,083,095,000 (31 December 2010: HK$188,176,000). HK$510,971,000 of trade receivables were fees receivable from China Petroleum & Chemical Guangzhou Branch for the oil unloading and storage and logistics services provided by Huade Petrochemical, and HK$516,942,000 of other receivables were prepayments made to a state owned enterprise for the provisions of crude oil.

Inventories

As at 31 December 2011, the Group had inventories of HK$41,588,000 (31 December 2010: HK$4,370,000). The significant increase in inventories as compared to 31 December 2010 was mainly due to the fuel oil in the oil tankers of the chartered vessels which is a new business in 2011.

Interest in associate

As at 31 December 2011, the Group's interest in associate amounted to HK$419,030,000 (31 December 2010: HK$Nil) was mainly due to the Group acquired 50% equity interest in Zhan Jiang Port Petrochemical Terminal and established a joint venture East China LNG Shipping Investment Co., Ltd (the Group holds 30% equity interests in the joint venture) with China Shipping Development Company Limited during 2011.

Foreign Exchange Risk

As at 31 December 2011, enterprises under the Group did not have material foreign exchange risk.

Employees and Emolument Policies

As at 31 December 2011, the Group had a total of 200 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 with the applicable code 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 throughout the year ended 31 December 2011. Moreover, after being considered and approved by the Board of the Company, the responsibilities of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee were determined. The Board and the professional committees of the Company worked according to their responsibilities.

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.

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 annual results and the financial information for the year ended 31 December 2011.

Remuneration Committee

A remuneration committee ("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.

Nomination Committee

Pursuant to the relevant requirements of the Listing Rules, the Company established the Nomination Committee on 21 February 2012. The Nomination Committee comprises three independent non-executive directors and two executive directors, and one of the independent non-executive directors is the chairperson of the Nomination Committee.

Code for Securities Transactions

For the year ended 31 December 2011, 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 OTHER 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, 21 February 2012

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