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

(incorporated in Bermuda with limited liability)

(Stock Code: 934)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

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 (together, the "**Group**") for the year ended 31 December 2012 together with the comparative figures for the previous financial year.

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2012
(Expressed in Hong Kong dollars)

	Note	**2012** **\$'000**	2011 *\$'000*
Turnover	*3 & 9*	**22,041,792**	19,684,732
Cost of sales		**(21,802,401)**	(19,365,538)
Gross profit		**239,391**	319,194
Other revenue	*4*	**56,443**	10,591
Other net (loss)/income	*4*	**(13,268)**	35,997
Distribution costs		**(7,924)**	(7,045)
Administrative expenses		**(67,418)**	(74,314)
Profit from operations		**207,224**	284,423
Finance costs		**(1,555)**	(3,505)
Share of profit of an associate		**92,007**	–
Share of profits of jointly controlled entities		**59,759**	–
Profit before taxation	*5*	**357,435**	280,918
Income tax	*6*	**(65,697)**	(67,406)
Profit for the year		**291,738**	213,512
Basic and diluted earnings per share (cents)	*8*	**15.49**	17.44

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2012
(Expressed in Hong Kong dollars)

	2012 *$'000*	2011 *$'000*
Profit for the year	**291,738**	213,512
Other comprehensive income for the year (note):		
Exchange differences on translation of financial statements of the subsidiary in the People's Republic of China (the "PRC")	**(274)**	104,763
Exchange differences on translation of associate's share of net assets	**323**	–
Exchange differences on translation of jointly controlled entities' share of net assets	**210**	–
Total comprehensive income for the year	**291,997**	318,275

Note: The component of the other comprehensive income does not have any tax effect for the years ended 31 December 2012 and 2011.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2012
(Expressed in Hong Kong dollars)

	Note	2012	2011
		$'000	$'000
Non-current assets			
Fixed assets			
– Property, plant and equipment		**1,855,242**	1,783,062
– Investment properties		**15,568**	32,356
– Interests in leasehold land held for own use under operating leases		**74,906**	79,209
		1,945,716	1,894,627
Interest in associates		**526,765**	419,030
Interest in jointly controlled entities		**2,305,431**	–
		4,777,912	2,313,657
Current assets			
Inventories		**48,355**	41,588
Trade and other receivables	*10*	**628,929**	1,083,095
Tax recoverable		**4,955**	4,955
Cash and cash equivalents		**2,404,982**	771,753
		3,087,221	1,901,391
Current liabilities			
Trade and other payables	*11*	**1,344,666**	1,112,785
Interest-bearing borrowings		**–**	267,228
Tax payable		**10,223**	9,453
		1,354,889	1,389,466
Net current assets		**1,732,332**	511,925
Total assets less current liabilities		**6,510,244**	2,825,582
Non-current liabilities			
Deferred tax liabilities		**2,300**	–
NET ASSETS		**6,507,944**	2,825,582
CAPITAL AND RESERVES			
Share capital		**207,366**	103,683
Reserves		**6,300,578**	2,721,899
TOTAL EQUITY		**6,507,944**	2,825,582

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 2012, 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 2012 comprise the Company and its subsidiaries and the Group's interest in associates and jointly controlled entities.

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 several amendments to HKFRSs 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:

- Amendments to HKFRS 7, *Financial instruments: Disclosures – Transfers of financial assets*
- Amendments to HKAS 12, *Income taxes – Deferred tax: Recovery of underlying assets*

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

Amendments to HKFRS 7, *Financial instruments: Disclosures*

The amendments to HKFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

Amendments to HKAS 12, *Income taxes*

Under HKAS 12 deferred tax is required to be measured with reference to the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the asset(s) in question. In this regard, the amendments to HKAS 12 introduced a rebuttable presumption that the carrying amount of investment property carried at fair value under HKAS 40, *Investment property*, will be recovered through sale. The Group accounts for its investment properties under cost method, this amendment has no effect on the Group's financial statements for prior years and current year.

3 Turnover

The principal activities of the Group are (i) trading of crude oil; (ii) rendering crude oil jetty services; and (iii) rendering vessel charter services.

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 or value added taxes. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2012	2011
	$'000	*$'000*
Trading of crude oil	**20,936,047**	18,791,627
Crude oil jetty services	**620,832**	612,137
Vessel charter services	**484,913**	280,968
	22,041,792	19,684,732

4 Other revenue and net (loss)/income

	2012	2011
	$'000	*$'000*
Other revenue		
Rental income	**586**	1,235
Interest income	**54,262**	7,074
Others	**1,595**	2,282
	56,443	10,591
Other net (loss)/income		
Net foreign exchange (loss)/gain	**(13,893)**	36,308
Net loss on disposal of property, plant and equipment	**(423)**	(265)
Others	**1,048**	(46)
	(13,268)	35,997

5 Profit before taxation

Profit before taxation is arrived at after charging:

	2012	2011
	$'000	*$'000*
Interest expenses on bank and other borrowings wholly repayable within five years	**1,555**	3,505
Cost of inventories	**20,918,541**	18,924,126
Depreciation	**165,369**	166,841
Amortisation of interests in leasehold land held for own use under operating leases	**4,271**	4,198

6 Income tax

	2012	2011
	$'000	*$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**–**	–
Over-provision in respect of prior years	**–**	(1,902)
	–	(1,902)
Current tax – PRC Corporate Income Tax		
Provision for the year	**62,981**	68,782
Under-provision in respect of prior years	**416**	526
	63,397	69,308
Deferred tax		
Origination and reversal of temporary differences	**2,300**	–
	65,697	67,406

No Hong Kong Profits Tax provision has been made as the Group's subsidiaries in Hong Kong sustained adjusted losses during the years ended 31 December 2012 and 2011. 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. As at 31 December 2012, temporary differences relating to the undistributed earnings of the PRC subsidiary amounted to $890,423,000 (2011: $692,160,000). Deferred tax liabilities of $89,042,000 (2011: $69,216,000) have not been recognised in respect of the PRC dividend withholding tax at 10% (or 5% should treaty benefit be applicable) that would be payable on the distribution of these retained earnings as the Company controls the dividend policy of the subsidiary and the Directors have determined that its post-2007 profits are not likely to be distributed in the foreseeable future.

7 Dividends

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

	2012	2011
	$'000	*$'000*
Interim dividend declared and paid of 1.5 cents (2011: 1.5 cents) per ordinary share	**31,105**	15,552
Final dividend proposed after the end of the reporting period of 2.0 cents (2011: 2.0 cents) per ordinary share	**41,473**	41,473
	72,578	57,025

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

	2012	2011
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of 2.0 cents (2011: 2.0 cents) per share	**41,473**	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 $291,738,000 (2011: $213,512,000) and the weighted average of 1,883,421,000 ordinary shares (2011: restated weighted average of 1,224,543,000 shares, which has been adjusted retrospectively for the effect of rights issue on 22 March 2012) in issue throughout the year, calculated as follows:

	2012	2011
	'000	*'000*
Issued ordinary shares at 1 January	**1,036,830**	1,036,830
Effect of rights issue	**846,591**	187,713
Weighted average number of ordinary shares at 31 December	**1,883,421**	1,224,543

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

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 three reportable segments, namely trading of crude oil, 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: this segment trades crude oil. Currently, the majority of the trading activities are carried out in Hong Kong and the PRC.

– 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 basis:

Segment assets include all tangible assets and current assets with the exception of investment properties, interests in associates and jointly controlled entities, deferred tax assets, tax recoverable and other corporate assets. Interests in associates, which was included in the reportable segment assets of crude oil jetty services as at 31 December 2011, has been presented separately in note 9(b) to conform with the current year's presentation. The Directors of the Company consider that the revised presentation reflects more appropriately the nature of these balances. 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 revenue 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 expenses 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 revenue 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 2012 and 2011 is set out below.

	Trading of crude oil		**Crude oil jetty services**		**Vessel charter services**		**Total**	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue								
Revenue from external customers	**20,936,047**	18,791,627	**620,832**	612,137	**484,913**	280,968	**22,041,792**	19,684,732
Inter-segment revenue	**–**	–	**2,953**	1,359	**–**	–	**2,953**	1,359
Reportable segment revenue	**20,936,047**	18,791,627	**623,785**	613,496	**484,913**	280,968	**22,044,745**	19,686,091
Reportable segment (loss)/profit	**(23,728)**	(314)	**259,307**	272,428	**(89,496)**	(1,853)	**146,083**	270,261
Interest income	**2**	–	**561**	307	**2**	2	**565**	309
Finance costs	**(429)**	(119)	**–**	–	**(428)**	(799)	**(857)**	(918)
Depreciation and amortisation for the year	**(696)**	(158)	**(168,054)**	(169,666)	**(696)**	(1,058)	**(169,446)**	(170,882)
Reportable segment assets	**20,368**	517,464	**2,492,837**	2,379,003	**94,228**	92,094	**2,607,433**	2,988.561
Additions to non-current segment assets during the year	**47**	6	**219,723**	60,456	**47**	39	**219,817**	60,501
Reportable segment liabilities	**110,703**	542,467	**109,181**	43,355	**145,402**	121,245	**365,286**	707,067

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

	2012	2011
	$'000	*$'000*
Revenue		
Reportable segment revenue	**22,044,745**	19,686,091
Elimination of inter-segment revenue	**(2,953)**	(1,359)
Consolidated turnover	**22,041,792**	19,684,732
Profit		
Reportable segment profit	**146,083**	270,261
Elimination of inter-segment profits	**(1,349)**	(652)
Reportable segment profit derived from Group's external customers	**144,734**	269,609
Unallocated other revenue and net income	**54,100**	44,944
Unallocated depreciation and amortisation	**(194)**	(157)
Unallocated finance costs	**(698)**	(2,587)
Unallocated other corporate income/(costs)	**7,727**	(30,891)
Share of profit from an associate	**92,007**	–
Share of profits from jointly controlled entities	**59,759**	–
Consolidated profit before taxation	**357,435**	280,918
Assets		
Reportable segment assets	**2,607,433**	2,988,561
Unallocated corporate assets	**2,425,504**	807,457
Interest in associates	**526,765**	419,030
Interest in jointly controlled entities	**2,305,431**	–
Consolidated total assets	**7,865,133**	4,215,048
Liabilities		
Reportable segment liabilities	**365,286**	707,067
Unallocated corporate liabilities	**991,903**	682,399
Consolidated total liabilities	**1,357,189**	1,389,466

(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 2012, one (2011: one) customer from trading of crude oil and vessel charter services has transactions that exceeded 10% of the Group's revenue, amounting to $21,950,687,000 (2011: $19,292,930,000). This customer operates in the PRC.

10 Trade and other receivables

	2012	2011
	$'000	*$'000*
Trade receivables		
– Amounts due from intermediate holding company and fellow subsidiaries	**597,368**	561,107
– Third parties	**6,005**	1,864
	603,373	562,971
Other receivables and prepayments		
– Amounts due from intermediate holding company and fellow subsidiaries	**298**	314
– Third parties	**25,258**	519,810
	25,556	520,124
	628,929	1,083,095

All of the trade and other receivables are expected to be recovered within one year. The amounts due from intermediate holding company and fellow subsidiaries are unsecured and interest free. The amounts due from intermediate holding company and fellow subsidiaries arising from trade-related transactions and non-trade related transactions are repayable with a credit term of 30 to 90 days and repayable on demand, respectively.

(a) Ageing analysis

Included in trade and other receivables are trade debtors and amounts due from intermediate holding company and fellow subsidiaries arising from trade-related transactions with the following ageing analysis as of the end of the reporting period, based on the invoice date:

	2012	2011
	$'000	*$'000*
Within 1 month	**88,433**	106,465
1 to 2 months	**53,303**	102,628
2 to 3 months	**43,095**	51,428
Over 3 months	**418,542**	302,450
	603,373	562,971

According to the Group's credit policy, trade debtors, including amounts due from intermediate holding company, fellow subsidiaries and third parties, the general credit period is 30 to 90 days from the date of billing.

(b) Trade debtors that are not impaired

The ageing analysis of the trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	2012	2011
	$'000	*$'000*
Current	**88,433**	106,465
Less than 1 month past due	**53,303**	51,588
1 to 3 months past due	**96,244**	51,040
More than 3 months but less than 12 months past due	**365,393**	353,878
Amounts past due	**514,940**	456,506
	603,373	562,971

Receivables that are current relate to a number 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 Group's intermediate holding company. The Group derived majority of its jetty service income from its intermediate holding company. 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, management considers there is no recoverability issue due to the ongoing collections and repayment history. The Group does not hold any collateral over the trade receivable balances.

11 Trade and other payables

	2012	2011
	$'000	*$'000*
Trade payables		
– Amount due to a fellow subsidiary	**66**	66
– Third parties	**34,765**	20,005
	34,831	20,071
Amounts due to immediate, intermediate holding companies and fellow subsidiaries	**182,806**	613,884
Creditors and accrued charges	**147,649**	71,500
Consideration payable to acquire equity interest in an associate	**–**	407,330
Consideration payable to acquire equity interest in jointly controlled entities	**979,380**	–
	1,344,666	1,112,785

Included in trade and other payables are trade creditors and amount due to a fellow subsidiary arising from trade-related transactions with the following ageing analysis as of the end of the reporting period, based on the invoice date:

	2012	2011
	$'000	*$'000*
Within 1 month	**34,765**	20,071
Over 1 year	**66**	–
	34,831	20,071

FINAL DIVIDEND

The Board declared a dividend of HK$0.035 per share payable in cash for 2012 (2011: HK$0.035), excluding the interim dividend of HK$0.015 per share in cash for 2012 paid on 18 October 2012 (2011: HK$0.015 per share), the final dividend of HK$0.02 per share in cash for 2012 (2011: 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 21 June 2013 (Friday).

CLOSURE OF REGISTER OF MEMBERS

(i) For determining the entitlement to attend and vote at the 2012 Annual General Meeting

The register of members of the Company will be closed from 4 June 2013 (Tuesday) to 10 June 2013 (Monday) (both days inclusive). In order to qualify for attending the 2012 Annual General Meeting of the Company and cast votes in the meeting, 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 3 June 2013 (Monday).

(ii) For determining the entitlement to the Proposed Final Dividend

The register of members of the Company will be closed from 17 June 2013 (Monday) to 21 June 2013 (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 14 June 2013 (Friday). The cheques for dividend payment will be sent to shareholders on or about 5 July 2013 (Friday).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

In 2012, the world economy witnessed weak recovery, leading to a slower growth of China's economy. Hampered by the macro-economic environment, the world shipping market further declined, posing some challenges for the company's operation and production. Facing this situation, the Board of the Company together with the whole staff focused on the Company's strategic positioning and development goals, grasped various opportunities to actively develop storage and logistic projects. Since the completion of acquisition of equity interests in five crude oil terminal companies within the PRC, major breakthrough has been made on overseas storage business, with a network of overseas projects initially taking shape. While actively pursuing development, the Company also conducted its daily operation in a prudent way. Facing up to the temporary difficulties arising from the worsening market environment, we made timely adjustments and concrete measures to minimize the negative impact exerted by it. In 2012, the turnover of the Group was approximately HK$22.042 billion, representing an increase of approximately 11.97% as compared with last year, with profit for the year of approximately HK$292 million, representing an increase of 36.64% as compared with last year.

2012 proved to be a significant year for the Company's international storage and transportation business. In January 2012, the Group with Concord Energy Oil Terminal (Hong Kong) Limited entered into an agreement in respect of acquisition of 50% equity interest in Fujairah Oil Terminal FZC in the United Arab Emirates, after extensive preparation and rounds of business negotiations. The relevant acquisition was completed on 3 January 2013 after going through relevant legal formalities. Fujairah Port in the United Arab Emirates is the second biggest bunker refueling port in the world and the distributing center of refined oil in the Middle East with great market potentials, providing a perfect environment for developing storage business. Both parties plan to, through a 50% to 50% joint venture, Fujairah Oil Terminal FZC, construct oil storage facilities of approximately 1.155 million m^3 storage capacity in Fujairah free trade zone to conduct oil storage business. In addition, after tough negotiations for more than two years, in October 2012, the Group and its Indonesian partner finally entered into an agreement in relation to the acquisition of 95% equity interest in P.T. West Point Terminal. The two parties proposed to jointly build the oil storage tanks and terminals ancillary facilities of approximately 2.6 million m^3 storage capacity in Batam, Indonesia, through P.T. West Point Terminal (our Group 95% equity interest; Indonesian partner 5%equity interest). Adjacent to Malacca Strait, the project is in a unique strategic location which enables it to cover Southeast Asia, Northeast Asia and the Middle East market, and the adjoining Singapore is also one of the world trading centers of refined oil. All these are of great significance for fully utilizing the storage facilities of Batam project to increase project investment return in the future. Such acquisition was completed on 19 March 2013. Apart from the above two overseas storage projects, in 2012, the Company entered into a conditional acquisition agreement to acquire 50% equity interest in Vesta Terminals B.V. ("Vesta") under Mercuria Energy Group after thorough examination and feasibility analysis study. Vesta has aggregated terminals and port ancillary facilities of approximately 1.60 million m^3 storage capacity located at Antwerp in Belgium, Flushing in Netherlands and Tallinn in Estonia, respectively. Upon completion of the acquisition of Vesta, the Company will swiftly set up a storage network in Europe, which reinforces the Company's positioning and strategy of "going global". Apart from these, following a conditional acquisition agreement entered into by the Group and China Petroleum & Chemical Corporation ("Sinopec Corp.") in late 2011 for acquiring the equity interests in five crude oil terminal companies, the Company had arranged staff members to prepare related documents for obtaining government approval, strengthened communication with relevant government departments and finally won their strong support for this acquisition. All government approval proceedings were completed in October 2012 and then the five crude oil terminal companies officially became jointly controlled entities of the Company, which significantly improved the Group's core competitiveness and profitability.

In 2012, the Company conducted its first equity financing since its listing by way of a 1-for-1 rights issue to fund its growing storage and logistics projects. With full support of the shareholders, the rights issue was a great success and was over-subscribed by approximately 500%. After the rights issue, not only did the Company improve liquidity of its shares, its shareholder structure was further optimized as well.

In 2012, Huade Petrochemical Co. Ltd ("Huade Petrochemical"), a wholly-owned subsidiary of the Company, further strengthened its internal management to ensure safety and stability of its operation. For the whole year, there were 85 oil tankers berthed with 12.42 million tonnes of crude oil unloaded, representing an increase of 2.64% compared with last year; 12.42 million tonnes of crude oil transported, raised by 3.07% as compared with last year; a segment profit of HK$259 million generated, decreased by 4.82% as compared with last year. In 2012, Sinomart KTS Development Limited ("Sinomart Development"), another wholly-owned subsidiary of the Company increased its turnover by 12.31% to HK$21.421 billion, as compared with last year, of which HK$20.936 billion was contributed by the trading segment with a crude oil trading volume of 3.35 million tonnes, and approximately HK$485 million was generated by 16 chartered voyages completed in vessel charter segment.

Looking forward to 2013, the Company will shift its focus from storage projects exploitation to storage projects construction. While ensuring high construction quality, we will ensure project construction progresses as scheduled and pay special attention to the construction and development of Fujairah project in Middle East and Batam project in Indonesia. Moreover, we will further enhance our daily operation management, reduce various expenditures and improve economic efficiency, striving to reward our shareholders with better operating results.

TURNOVER

As at 31 December 2012, the Group's turnover was approximately HK$22,041,792,000 (2011: HK$19,684,732,000), representing an increase of approximately 11.97% as compared with last year. The increase in turnover was mainly due to increase in trading volume in crude oil and average crude oil price in 2012 as compared with last year.

LIQUIDITY AND SOURCE OF FINANCE

As at 31 December 2012, cash on hand and bank balances of the Group totalled approximately HK$2,404,982,000 (31 December 2011: HK$771,753,000) and interest-bearing borrowings were HK$Nil (31 December 2011: HK$267,228,000). The significant increase in cash on hand and bank balances and the decrease in interest-bearing borrowings were both due to a considerable amount of capital raised by the rights issue of the Company in 2012.

GEARING RATIO

As at 31 December 2012, the Group's current ratio (current assets to current liabilities) was approximately 2.28 (31 December 2011: 1.37) and gearing ratio (total liabilities to total assets) was approximately 17.26% (31 December 2011: 32.96%).

TRADE AND OTHER RECEIVABLES

As at 31 December 2012, the Group's trade and other receivables totalled HK$628,929,000 (31 December 2011: HK$1,083,095,000). Most 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, a wholly-owned subsidiary of the Company.

INTEREST IN ASSOCIATES

As at 31 December 2012, the Group's interest in associates amounted to HK$526,765,000 (31 December 2011: HK$419,030,000), consisting of the Group's acquisition of 50% equity interest in Zhan Jiang Port Petrochemical Jettty Co. ("Zhan Jiang Port Petrochemical Terminal") and 30% equity interest in East China LNG Shipping Investment Co., Ltd..

INTEREST IN JOINTLY CONTROLLED ENTITIES

As at 31 December 2012, the Group's interest in jointly controlled entities amounted to HK$2,305,431,000 (31 December 2011: Nil), consisting of the Group's 50% equity interest in Qingdao Shihua Crude Oil Terminal Co. Ltd., 50% equity interest in Ningbo Shihua Crude Oil Terminal Co. Ltd., 50% equity interest in Tianjin Shihua Crude Oil Terminal Co. Ltd., 50% equity interest in Rizhao Shihua Crude Oil Terminal Co. Ltd., 90% equity interest in Tangshan Caofeidian Shihua Crude Oil Terminal Co. Ltd. and 49% equity interest in China Energy Shipping Investment Company Limited respectively.

NET ASSETS

As at 31 December 2012, the Group's net assets amounted to HK$6,507,944,000 (31 December 2011: HK$2,825,582,000). The significant increase in net assets was due to addition in assets of approximately HK$3.5 billion raised by the rights issue of the Company in 2012.

PROFIT FOR THE YEAR

For the year ended 31 December 2012, the Group's profit amounted to approximately HK$291,738,000 (2011: HK$213,512,000), representing an increase of approximately 36.64% as compared to last year. The substantial increase in profit was due to the return generated by the Group's acquisition of partial equity interest in Zhan Jiang Port Petrochemical Terminal and the five crude oil terminals in China.

OPERATING LOSS OF VESSEL CHARTER BUSINESS SECTOR

In order to exploit business opportunities and accumulate experiences of shipping business, upon the approval at the Special General Meeting on 6 December 2010 of the Company, from the beginning of 2011, the Group commenced the oil tankers charter business. Due to ongoing and deep deterioration of oil tankers shipping market, the oil tankers spot market rates were far below their charter rates. Although the Group took a series of proactive measures, the vessel charter business sector recorded segment loss of HK$89,496,000 in 2012.

FOREIGN CURRENCY RISK

In order to develop the storage and logistics businesses, and to realize the development strategy positioning established by the Board of the Company, the Group signed a number of agreements in respect of the expansion of storage and logistics businesses. On 3 December 2011, the Group and Sinopec Corp. signed the conditional equity acquisition agreements to acquire the equity interest in the five crude oil terminal companies held by Sinopec Corp. for a consideration of RMB1,809,807,000. On 9 January 2012, the Group entered into a conditional acquisition agreement with Concord Oil Terminal (Hong Kong) Limited for the acquisition of its 50% equity interest in Fujairah Oil Terminal FZC for a consideration of USD25,050,000, and signed the relevant agreements in respect of the investment and construction of storage facility of approximately 1.155 million m^3 in storage capacity Fujairah Port on 28 December 2012, pursuant to which the Group will make capital contributions of USD50,859,000 to Fujairah Oil Terminal FZC. On 9 October 2012, the Group entered into a conditional share purchase agreement to acquire 95% shares of P.T. West Point Terminal for a consideration of Indonesian rupiah 4,750,000,000, and planned to make capital contributions up to USD239,685,000 to construct storage tanks and terminal ancillary facilities of approximately 2.6 million m^3 storage capacity in Batam, Indonesia. On 15 October 2012, the Group entered into a conditional acquisition agreement to acquire 50% equity interest in Vesta for a consideration of Euro 128.6 million, subject to adjustment based on the actual third party indebtedness of the target group companies on the effective date of the agreement. As at 31 December 2012, of the above agreements, only the acquisition agreements in relation to the acquisition of equity interests in the five crude oil terminal companies held by Sinopec Corp. had all conditions precedent fulfilled, with the relevant agreements becoming effective and partial acquisition payment for the equity interests being paid accordingly (as at 31 December 2012, RMB1,013,667,000 was paid pursuant to the agreement, and the remaining RMB796,140,000 has not been paid), and all conditions precedent of each of the other aforesaid agreements have not been fulfilled, and the relevant agreements have not become effective. When all conditions precedent of each of all aforesaid agreements have been fulfilled and the agreements have become effective, the Group will perform the payment obligations in the relevant currencies pursuant to the relevant agreements. As there is fluctuation in the exchange rate of such currencies, there may be difference between the amount in HK$ to be paid accordingly after the agreement becomes effective and the amount based on the corresponding exchange rate as at the date of the agreements.

Save for the above, each entity within the Group was not exposed to significant foreign exchange risk.

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2012, the Group had a total of 232 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 former Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 and the new Corporate Governance Code during the period from 1 April 2012 to 31 December 2012 (the "Code") as contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, 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 28 May 2012 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.

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 2012.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company was 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

For the year ended 31 December 2012, 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 WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

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 2013

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*