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 2013

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 (collectively, the "**Group**") for the year ended 31 December 2013 together with the comparative figures for the previous financial year.

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2013

	Note	**2013**	2012
		HK$'000	*HK$'000*
Revenue	*3 & 4*	**23,355,579**	22,041,792
Cost of sales		**(23,200,797)**	(21,802,401)
Gross profit		**154,782**	239,391
Other income and other gains – net	*5*	**74,696**	43,175
Distribution costs		**(20,414)**	(7,924)
Administrative expenses		**(111,661)**	(67,418)
Operating profit		**97,403**	207,224
Finance income		**2,702**	–
Finance costs		**(3,807)**	(1,555)
Finance costs – net		**(1,105)**	(1,555)
Share of results of:			
– Associated companies		**108,780**	92,007
– Joint ventures		**456,966**	59,759
Profit before income tax	*3*	**662,044**	357,435
Income tax expenses	*7*	**(170,637)**	(65,697)
Profit for the year		**491,407**	291,738
Profit attributable to:			
Equity holders of the Company		**491,397**	291,738
Non-controlling interest		**10**	–
		491,407	291,738
Basic and diluted earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share)	*8*	**21.00**	15.49
Dividends	*10*	**87,016**	72,578

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2013

	2013 *HK$'000*	2012 *HK$'000*
Profit for the year	**491,407**	291,738
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on currency translation:		
– Subsidiaries	**78,090**	(274)
– Associated companies	**18,963**	323
– Joint ventures	**188,396**	210
Other comprehensive income for the year, net of tax	**285,449**	259
Total comprehensive income for the year	**776,856**	291,997
Total comprehensive income attributable to:		
Equity holders of the Company	**776,846**	291,997
Non-controlling interest	**10**	–
	776,856	291,997

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2013

	Note	**2013**	2012
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,958,211**	1,855,242
Investment properties		**14,910**	15,568
Prepaid land lease payment		**724,018**	74,906
Interests in associated companies		**617,864**	526,765
Interests in joint ventures		**5,475,680**	2,305,431
Total non-current assets		**8,790,683**	4,777,912
Current assets			
Inventories		**47,108**	48,355
Trade and other receivables	*9*	**730,367**	628,929
Tax recoverable		–	4,955
Cash and cash equivalents		**1,622,454**	2,404,982
Total current assets		**2,399,929**	3,087,221
Total assets		**11,190,612**	7,865,133
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**248,616**	207,366
Reserves		**9,597,975**	6,300,578
Equity attributable to equity holders of the Company		**9,846,591**	6,507,944
Non-controlling interest		**9,630**	–
Total equity		**9,856,221**	6,507,944

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
as at 31 December 2013

	Note	**2013**	2012
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**97,582**	2,300
Current liabilities			
Trade and other payables	*11*	**1,223,410**	1,344,666
Income tax payable		**13,399**	10,223
Total current liabilities		**1,236,809**	1,354,889
Total liabilities		**1,334,391**	1,357,189
Total equity and liabilities		**11,190,612**	7,865,133
Net current assets		**1,163,120**	1,732,332
Total assets less current liabilities		**9,953,803**	6,510,244

NOTES TO THE FINANCIAL INFORMATION

1 General information

Sinopec Kantons Holdings Limited (the "Company") is a company incorporated in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited. The addresses of its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and 34/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong respectively.

The Company and its subsidiaries (collectively the "Group") are principally engaged in the trading of crude oil and oil products, the operation of crude oil and oil products terminals and their ancillary facilities, provision of logistics services including storage, logistics, transportation and terminal services and the distribution of oil and oil products and international logistics agency services on global basis.

These financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 31 March, 2014.

In the opinion of the directors, the immediate holding company of the Company is Sinopec Kantons International Limited and the ultimate holding company is China Petrochemical Corporation.

2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"). The consolidated financial statements have been prepared under the historical cost convention.

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2013:

- HKFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. However, adoption of this standard has no material impact to the Group's financial statements.

- HKFRS 11, 'Joint arrangements' is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. However, adoption of this standard has no material impact to the Group.

- HKFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associated companies, structured entities and other off balance sheet vehicles. The Group adopted HKFRS 12 on 1 January 2013 which included the disclosure requirements for all forms of interests in other entities.

- HKFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. However, adoption of this standard has no material impact to the Group's financial statements.

- Amendments to HKAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from the amendment is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). However, adoption of this standard has no material impact to the Group's financial statements.

- HKAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 have been included in the new HKFRS 10. However, adoption of this standard has no material impact to the Group's financial statements.

- HKAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11. However, adoption of this standard has no material impact to the Group's financial statements.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been early applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- Amendments to HKAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash generating units ("CGUs") which had been included in HKAS 36 by the issue of HKFRS 13. The Group will adopt the amendments from 1 January 2014.

- HK(IFRIC) 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The changes will be effective for annual periods beginning on or after 1 January 2014. The Group is not currently subject to significant levies so the impact on the Group is not material.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

3 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 People's Republic of China (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 are carried out in the PRC and overseas.

– 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 are mainly carried out in the Middle East and the PRC.

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 consist primarily of property, plant and equipment, certain prepaid land lease payment, inventories and trade and other receivables. Segments liabilities consist primarily of trade and other payables.

(a) Segment results, assets and liabilities

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 are included as unallocated income/cost.

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 income, unallocated other financial income, unallocated depreciation and amortisation, unallocated finance costs, share of results of associated companies and joint ventures and other corporate costs or income 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 3(b) to the financial information.

In addition to receiving segment information concerning segment operating profit, management is also provided with segment information concerning revenue, bank interest income, finance costs, depreciation and amortisation and capital expenditure used by the segments in their operations. Inter-segment revenue is 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 is set out as follow:

(i) As at and for the year ended 31 December 2013:

The segment results for the year ended 31 December 2013 are as follows:

	Trade of crude oil *HK$'000*	Crude oil jetty services *HK$'000*	Vessel charter services *HK$'000*	Inter-segment elimination *HK$'000*	Total *HK$'000*
Segment revenue and results					
Segment revenue	**22,435,933**	**582,302**	**339,973**	**(2,629)**	**23,355,579**
Inter-segment revenue	**–**	**(2,629)**	**–**	**2,629**	**–**
Revenue	**22,435,933**	**579,673**	**339,973**	**–**	**23,355,579**
Segment results	**(36,814)**	**220,208**	**(158,013)**	**–**	**25,381**
Share of results of associated companies					**108,780**
Share of results of joint ventures					**456,966**
Unallocated other corporate income					**70,917**
Profit before income tax					**662,044**
Income tax expenses					**(170,637)**
Profit for the year					**491,407**
Other segment items					
Bank interest income	**1**	**258**	**1**	**–**	**260**
Finance costs	**(1,904)**	**–**	**(1,903)**	**–**	**(3,807)**
Depreciation and amortisation	**(415)**	**(181,819)**	**(415)**	**–**	**(182,649)**

The segment assets and liabilities as at 31 December 2013 and capital expenditure for the year then ended are as follows:

	Trade of crude oil HK$'000	Crude oil jetty services HK$'000	Vessel charter services HK$'000	Inter-segment elimination HK$'000	Total HK$'000
Assets					
Segment assets	**98,976**	**2,561,295**	**139,409**	**–**	**2,799,680**
Unallocated assets					
– Cash and cash equivalents					**1,622,454**
– Investment properties					**14,910**
– Interests in associated companies					**617,864**
– Interests in joint ventures					**5,475,680**
– Prepaid land lease payment					**660,024**
Total assets					**11,190,612**
Liabilities					
Segment liabilities	**351,891**	**251,037**	**351,890**	**–**	**954,818**
Unallocated liabilities					
– Trade and other payables					**281,991**
– Deferred tax liabilities					**97,582**
Total liabilities					**1,334,391**
Capital expenditures	**66**	**242,518**	**67**	**–**	**242,651**

(ii) As at and for the year ended 31 December 2012

The segment results for the year ended 31 December 2012 are as follows:

	Trade of crude oil *HK$'000*	Crude oil jetty services *HK$'000*	Vessel charter services *HK$'000*	Inter-segment elimination *HK$'000*	Total *HK$'000*
Segment revenue and results					
Segment revenue	20,936,047	623,785	484,913	(2,953)	22,041,792
Inter-segment revenue	–	(2,953)	–	2,953	–
Revenue	20,936,047	620,832	484,913	–	22,041,792
Segment results	(23,728)	259,307	(89,496)	–	146,083
Share of results of associated companies					92,007
Share of results of joint ventures					59,759
Unallocated other corporate income					59,586
Profit before income tax					357,435
Income tax expenses					(65,697)
Profit for the year					291,738
Other segment items					
Bank interest income	2	561	2	–	565
Finance costs	(778)	–	(777)	–	(1,555)
Depreciation and amortisation	(696)	(168,054)	(696)	–	(169,446)

The segment assets and liabilities as at 31 December 2012 and capital expenditure for the year then ended are as follows:

	Trade of crude oil *HK$'000*	Crude oil jetty services *HK$'000*	Vessel charter services *HK$'000*	Inter-segment elimination *HK$'000*	Total *HK$'000*
Assets					
Segment assets	20,368	2,492,836	94,228	–	2,607,432
Unallocated assets					
– Cash and cash equivalents					2,404,982
– Investment properties					15,568
– Interests in associated companies					526,765
– Interests in joint ventures					2,305,431
– Tax recoverable					4,955
Total assets					7,865,133
Liabilities					
Segment liabilities	110,703	109,181	145,402	–	365,286
Unallocated liabilities					
– Trade and other payables					989,603
– Deferred tax liabilities					2,300
Total liabilities					1,357,189
Capital expenditures	47	219,723	47	–	219,817

(b) Analysis of information by geographical regions

Revenue

The Group's revenue for reportable segments was solely from customers located in the PRC and is attributable to the PRC markets.

Non-current assets

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**243,063**	77,905
The PRC	**5,942,116**	4,700,007
Other countries	**2,605,504**	–
	8,790,683	4,777,912

Total assets

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**1,843,937**	2,582,627
The PRC	**6,711,757**	5,282,506
Other countries	**2,634,918**	–
	11,190,612	7,865,133

(c) Major customers

For the year ended 31 December 2013, one (2012: one) customer from trading of crude oil, crude oil jetty services and vessel charter services has transactions that exceeded 10% of the Group's revenue, amounting to HK$23,327,382,000 (2012: HK$21,950,687,000). This customer operates in the PRC.

(d) Capital expenditures

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	**133**	94
The PRC	**242,518**	219,723
	242,651	219,817

4 Revenue

	2013	2012
	HK$'000	*HK$'000*
Trading of crude oil	**22,435,933**	20,936,047
Crude oil jetty services	**579,673**	620,832
Vessel charter services	**339,973**	484,913
	23,355,579	22,041,792

The principal activities of the Group are trading of crude oil and provision of crude oil jetty and vessel charter services.

Revenue represents the sales value of goods supplied to customers and income from providing crude oil jetty services and vessel charter services, net of value added taxes ("**VAT**").

5 Other income and other gains – net

	2013	2012
	HK$'000	*HK$'000*
Rental income from investment properties	**787**	586
Bank interest income	**36,826**	54,262
Net foreign exchange gain/(loss)	**24,772**	(13,893)
Net loss on disposal of property, plant and equipment	**(2,517)**	(423)
Government grant – VAT refund	**10,334**	–
Others	**4,494**	2,643
	74,696	43,175

6 Expenses by nature

	2013	2012
	HK$'000	*HK$'000*
Cost of inventories	**22,601,139**	21,150,359
Depreciation of properties, plant and equipment	**171,734**	164,710
Amortisation of investment properties	**658**	659
Amortisation of interests in leasehold land	**10,914**	4,271
Operating lease charges: minimum lease payments		
– hire of other assets (including property rentals)	**12,724**	3,843
– hire of vessels	**248,163**	243,119

7 Income tax expenses

	Note	2013 HK$'000	2012 HK$'000
Current income tax			
– PRC enterprise income tax	*(b)*	**53,698**	63,397
– Withholding tax	*(c)*	**21,657**	–
		75,355	63,397
Deferred income tax		**95,282**	2,300
		170,637	65,697

(a) 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 2013 and 2012. PRC and overseas subsidiaries are calculated as the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates. Hong Kong profits tax was provided at a rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the year.

(b) During the year, PRC enterprises income tax was provided on the profits of the Group's subsidiaries, associated companies and joint ventures in the PRC in accordance with the Income Tax Law of China for Enterprises with Foreign Investment and Foreign Enterprises.

(c) Dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 in the PRC is subject to withholding income tax at a tax rate of 5% or 10%. During the year, withholding income tax was provided for undistributed profits of the Group's subsidiaries, associated companies and joint ventures in the PRC at tax rates of 5% or 10% (2012: 5% or 10%).

(d) The tax on the Group's profit before income tax less share of results of associated companies and joint ventures differs from the theoretical amount that would arise using the principal applicable tax rate as follows:

	2013	2012
	HK$'000	*HK$'000*
Profit before taxation	**662,044**	357,435
Less: Share of results of associated companies	**(108,780)**	(92,007)
Share of results of joint ventures	**(456,966)**	(59,759)
	96,298	205,669
Tax calculated at domestic tax rates applicable to profits in the respective countries	**35,346**	56,113
Income not subject to tax	**(53,903)**	(1,615)
Expenses not deductible for tax purposes	**84,196**	2,489
Withholding tax	**95,282**	–
(Over)/under-provision in prior years	**(123)**	416
Utilisation of previously unrecognised tax loss	**(4)**	–
Tax losses for which no deferred income tax asset was recognised	**9,843**	8,294
Income tax expenses	**170,637**	65,697

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 HK$491,397,000 (2012: HK$291,738,000) and the weighted average of 2,340,372,000 ordinary shares (2012: 1,883,421,000 shares) in issue throughout the year, calculated as follows:

	2013	2012
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**2,340,372**	1,883,421
Basic earning per share *(HK cents per share)*	**21.00**	15.49

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 Trade and other receivables

	2013	2012
	HK$'000	*HK$'000*
Trade receivables		
– Amounts due from intermediate holding company and fellow subsidiaries	**609,317**	597,368
– Third parties	**1,912**	6,005
	611,229	603,373
Other receivables		
– Amounts due from intermediate holding company and fellow subsidiaries	**15,748**	298
– Dividend receivables from a joint venture	**86,127**	–
– Third parties	**17,263**	25,258
	119,138	25,556
	730,367	628,929

All of the trade and other receivables are expected to be recovered within one year.

Trade receivables including amounts due from intermediate holding company, fellow subsidiaries and third parties, are due within 30 to 90 days from the date of billing.

The amounts due from intermediate holding company and fellow subsidiaries and dividend receivables are unsecured and interest free and there is no history of default.

10 Dividends

	2013	2012
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK$1.5 cents (2012: HK$1.5 cents) per ordinary share	**37,292**	31,105
Final dividend proposed after the end of the reporting period of HK$2.0 cents (2012: HK$2.0 cents) per ordinary share	**49,724**	41,473
	87,016	72,578

A final dividend in respect of the year ended 31 December 2013 of HK$2.0 cents per share, amounting to a total dividend of HK$49,724,000. These financial statements do not reflect this dividend payable.

The aggregate amounts of the dividends paid and proposed during 2012 and 2013 have been disclosed in the consolidated income statement in accordance with the Hong Kong Companies Ordinance.

11 Trade and other payables

	2013	2012
	HK$'000	*HK$'000*
Trade payables		
– Amount due to a fellow subsidiary	**66**	66
– Third parties	**43,840**	34,765
	43,906	34,831
Amounts due to immediate, intermediate holding companies and fellow subsidiaries	**272,155**	182,806
Creditors and accrued charges	**246,787**	147,649
Land lease payable	**531,792**	–
Consideration payable to acquire equity interests in joint ventures	**128,770**	979,380
	1,223,410	1,344,666

As at 31 December 2013 and 2012, the Company's amounts due to subsidiaries are not expected to be repayable within one year, and the remaining trade and other payables are expected to be settled within one year.

The amounts due to immediate, intermediate holding companies and fellow subsidiaries are unsecured and interest free. The amounts due to immediate and intermediate holding companies and fellow subsidiaries arising from non-trade related transactions are repayable with a credit term of 30 days and repayable on demand respectively.

Land lease payable represents the consideration payable for the land on development of oil storage business in Indonesia.

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:

	2013	2012
	HK$'000	*HK$'000*
Due within 1 month or on demand	**43,840**	34,765
Due after 1 month but within 3 months	**66**	66
	43,906	34,831

12 Commitments

(a) Capital commitments outstanding at 31 December 2013 not provided for in the financial statements were as follows:

	2013	2012
	HK$'000	*HK$'000*
Contracted for but not provided for	**1,192,517**	1,913,270
Authorised but not contracted for	**501,387**	696,422
	1,693,904	2,609,692

(b) At 31 December 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 1 year	**154,636**	197,933
After 1 year but within 5 years	**164,241**	263,130
After 5 years	**7,342**	7,792
	326,219	468,855

The Group leases a number of properties with an initial lease term of three to thirty-two years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

The total of future minimum sublease payments expected to be received under non-cancellable subleases at the end of the reporting period amounted to HK$57,985,000 and were expected to be received in one year.

FINAL DIVIDEND

The Board declared a dividend of HK$0.035 per share payable in cash for 2013 (2012: HK$0.035), excluding the interim dividend of HK$0.015 per share in cash for 2013 paid on 18 October 2013 (2012: HK$0.015 per share), the final dividend of HK$0.02 per share in cash for 2013 (2012: 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 30 June 2014 (Monday).

CLOSURE OF REGISTER OF MEMBERS

(i) For determining the entitlement to attend and vote at the 2013 Annual General Meeting

The 2013 Annual General Meeting of the Company will be convened on 6 June 2014 (Friday), and the register of members of the Company will be closed from 3 June 2014 (Tuesday) to 6 June 2014 (Friday) (both days inclusive). In order to qualify for attending the 2013 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on 30 May 2014 (Friday).

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

The register of members of the Company will be closed from 24 June 2014 (Tuesday) to 30 June 2014 (Monday) (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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on 23 June 2014 (Monday). The cheques for dividend payment will be sent to shareholders on or about 4 July 2014 (Friday).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Overviewing 2013, while the world economy remained on the challenging and ever-changing path of recovery, the China economy was moving forward to improve stably. Driven by seasonal increase in demand for crude oil shipping, the global crude oil shipping market had its first revival in a long time in the forth quarter of 2013, bringing positive impact on the Group's crude oil vessel charter business. Under complex and changable market conditions, the Company's Board of Directors continues to execute the established development strategy in proactive expansion of storage and logistics services; to enhance corporate governance and to strengthen the building of workforce to meet business growth; to reinforce production safety for ensuring stable production and operation. For 2013, the Company and its subsidiaries (together, the "**Group**") realized a turnover of approximately HK$23.356 billion, representing an increase of 5.96% as compared with last year, and a profit of approximately HK$ 491 million, representing an increase of 68.44% as compared with last year.

In 2013, the Company has achieved staged progress in expanding storage and logistics business. During the year, the acquisitions of equity interest in Fujairah Oil Terminal FZC in the Middle East, PT. West Point Terminal in Indonesia and Vesta Terminals B.V. in Europe were completed successfully. In 2013, the investment and construction of oil storage project of 1.155 million m^3 in Fujairah has made substantial progress, where the project construction is advancing towards completion, with the engineering purchase orders executed as planned, civil works at site and installation of the main body of oil tank completed on schedule. The project is expected to be fully completed for operation at the end of 2014. In 2013, the project for investment and construction of oil storage and terminal facilities of 2.60 million m^3 in Batam, Indonesia through PT. West Point Terminal was also progressing well. Various preparation works for construction commencement of the project were in steady progress, among which preliminary geological survey and related works were completed, and the PMT team has been established, laying the foundation for the subsequent comprehensive project. In addition, following the completion of transfer of equity interest of Vesta Terminals B.V. in Europe on 2 April 2013, the Company has delegated its senior management for comprehensive participation in the operation and management of the joint venture. While maintaining stable operation of Vesta Terminals B.V., we are arranging upgrade and renovation for the financial and management information systems as well as logistics facilities, so as to further enhance the management level and execution of the joint venture. In 2013, the Company has also made significant progress on its logistics project. The two LNG vessels under the Papua New Guinea LNG Project also obtained fruitful achievements: the first LNG vessel has been launched and is undergoing vessel outfitting works; and the construction of the second LNG vessel has officially started. The construction contract, charter contract, finance contract and related contracts for the six LNG vessels in the first phase of Australia Pacific LNG Project were duly signed, with all preparatory works before vessel construction well ready.

In 2013, China Petroleum & Chemical Corporation ("**Sinopec Corp.**"), the major shareholder, considered to inject the assets of its Yulin-Jinan Natural Gas Transmission Pipeline ("**Yu-Ji Line**") into the Group for further development of the Group's storage and logistics operation. The Yu-Ji Line completed and put into use in 2012, the Yu-Ji Line to be injected starts from Yulin, Shaanxi Province, the PRC, and has its way through the four provinces of Shaanxi, Shanxi, Henan and Shandong, with a total length of about 940 km and a designed annual gas transport capacity of 3 billion m^3. After the injection of Yu-Ji Line, it is expected that the asset size and market value of the Group will be further enhanced.

In 2013, Huade Petrochemical Company Ltd ("**Huade Petrochemical**"), a wholly-owned subsidiary of the Company, proactively optimized its operation, in an effort to overcome the adverse effect brought by the planned maintenance carried out by its downstream client, China Petroleum & Chemical Corporation Guangzhou Branch ("**Sinopec Guangzhou Branch**"), on its oil refinery facilities. For the whole year, there were 83 oil tankers berthed with 11.66 million tonnes of crude oil unloaded, representing a drop of 6.12% compared with last year; 11.70 million tonnes of crude oil transported, a decrease of 5.80% as compared with last year; a segment profit of HK$220 million generated, decreased by 15.06% as compared with last year. In 2013, Sinomart KTS Development Limited ("**Sinomart Development**"), another wholly-owned subsidiary of the Company increased its turnover by 6.33% to HK$22.776 billion, as compared with last year, of which HK$22.436 billion was contributed by the trading segment with a crude oil trading volume of 3.65 million tonnes, and HK$340 million was generated by 12 chartered voyages completed in vessel charter segment. In addition, Zhan Jiang Port Petrochemical Jetty Co. Limited ("**Zhan Jiang Port Petrochemical Terminal**"), Qingdao Shihua Crude Oil Terminal Co. Ltd. ("**Qingdao Shihua**"), Ningbo Shihua Crude Oil Terminal Co. Ltd. ("**Ningbo Shihua**"), Rizhao Shihua Crude Oil Terminal Co. Ltd. ("**Rizhao Shihua**"), Tianjin Port Shihua Crude Oil Terminal Co. Ltd. ("**Tianjin Shihua**") and Tangshan Caofeidian Shihua Crude Oil Terminal Co. Ltd. ("**Caofeidian Shihua**") (together, the "**Six Domestic Terminal Companies**"), acquired by the Company, have also provided significant momentum for profit growth. For the entire 2013, the Six Domestic Terminal Companies generated a better return on investment with an aggregate throughput of 144 million tonnes (including the unloading amount of Huangdao liquid chemical terminal which Qingdao Shihua acquired).

In May 2013, the Company successfully executed a share placing of 412.5 million shares in total, which raised funds for the Company's expansion in storage and logistics business. In addition, the exemption applications for the connected transactions for the three years from 2014 to 2016 have all been approved by the independent shareholders. Indeed, each results obtained by the Company is inseparable from the full support of our shareholders and investors. Looking forward to 2014, we will actively work with great enthusiasm and higher development goals, striving to return our shareholders, staff and the society with a better level of production and operation results.

LIQUIDITY AND SOURCE OF FINANCE

As at 31 December 2013, cash and cash equivalents of the Group approximately HK$1,622,454,000 (as at 31 December 2012: HK$2,404,982,000), representing a decrease of 32.54% as compared with last year. The reason for the decrease is, despite the raise of funds of approximately HK$2.681 billion by the Company through share placing in May 2013, the aggregate capital expenditures of the Company in 2013 were approximately HK$3.474 billion, including those utilized for the acquisition of 50% equity interest in Vesta Terminals B.V. in Europe and 50% equity interest in Fujairah Oil Terminal FZC in the Middle East, the remaining amount for the acquisition of equity interest in five domestic crude oil terminal companies in the PRC, and expenditures utilized for increasing the registered capital in Qingdao Shihua and Rizhao Shihua, shareholders' loans utilized for Fujairah Oil Terminal FZC in the Middle East and the construction of LNG vessels.

GEARING RATIO

As at 31 December 2013, the Group's current ratio (current assets to current liabilities) was 1.94 (as at 31 December 2012: 2.28) and gearing ratio (total liabilities to total assets) 11.92% (as at 31 December 2012: 17.26%).

PREPAID LAND LEASE PAYMENT

As at 31 December 2013, the Group's prepaid land lease payment amounted to HK$724,018,000 (as at 31 December 2012: HK$74,906,000). Most of the prepaid land lease payment were for the 50-year land use rights in relations to the construction of storage and terminal facilities in Batam, Indonesia invested by PT. West Point Terminal, a subsidiary of the Company. According to Land Lease Agreement, as at 31 December 2013, the actual land rent paid was HK$134,890,000, representing 20% of all the land rents of Batam project, Indonesia.

INTEREST IN JOINT VENTURES

As at 31 December 2013, the Group's interest in joint ventures amounted to HK$5,475,680,000 (as at 31 December 2012: HK$2,305,431,000), representing an increase of 137.51% as compared with last year, mainly attributable to the joining of Vesta Terminals B.V. in Europe and Fujairah Oil Terminal FZC in the Middle East as the joint ventures of the Company in 2013 and the improved operating results of Qingdao Shihua, Ningbo Shihua, Rizhao Shihua, Tianjin Shihua and Caofeidian Shihua, the joint ventures of the Company in the same year.

TRADE AND OTHER RECEIVABLES

As at 31 December 2013, the Group's trade and other receivables totalled HK$730,367,000 (as at 31 December 2012: HK$628,929,000), representing an increase of 16.13% as compared with last year. Most of trade receivables were fees receivable from Sinopec Guangzhou Branch for the oil unloading and storage and logistics services provided by Huade Petrochemical, a wholly-owned subsidiary of the Company.

NET ASSETS

As at 31 December 2013, the Group's net assets amounted to HK$9,856,221,000 (as at 31 December 2012: HK$6,507,944,000), representing an increase of 51.45% as compared with last year, mainly attributable to the capital raising of approximately HK$2.681 billion by the Company through share placing in May 2013.

TURNOVER

For the year ended 31 December 2013, the Group's turnover was HK$23,355,579,000 (2012: HK$22,041,792,000), representing an increase of 5.96% as compared with last year. The increase in turnover was mainly due to increase in trading volume in crude oil in 2013 as compared with last year.

GROSS PROFIT

For the year ended 31 December 2013, the Group's gross profit amounted to HK$154,782,000 (2012: HK$239,391,000), representing a decrease of 35.34% as compared with last year. The decrease in gross profit was due to, on one hand, the planned maintenance in oil refinery facilities carried out by a client, resulting in the decline in business volume and operating income as compared with last year, while on the other hand, the increase of operating loss in vessel charter business of Sinomart Development in 2013 as compared with last year.

DISTRIBUTION COSTS

For the year ended 31 December 2013, the Group's distribution costs amounted to HK$20,414,000 (2012: HK$7,924,000), representing an increase of 157.62% as compared with last year, which was mainly due to the Group's expansion in storage and logistics businesses, driving the need to hire additional staff and the significant increase in staff salary costs.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2013, the Group's administrative expenses amounted to HK$111,661,000 (2012: HK$67,418,000), representing an increase of 65.62% compared with last year, mainly due to the increase in lease charges for renting of the new office as the previous office failed to catch up with the needs of business development, as well as the increase in repair costs and production safety costs by Huade Petrochemical, a subsidiary of the Company in 2013.

INCOME TAX

For the year ended 31 December 2013, the income tax of the Group was HK$170,637,000 (2012: HK $65,697,000), representing an increase of 159.73% as compared with last year, the main reason was apart from the profit tax payable by Huade Petrochemical in the year of 2013, the income tax also included the dividend tax paid by Huade Petrochemical on its overseas dividend distribution for 2008 and the withholding dividend tax of Huade Petrochemical on the proposed overseas dividend distribution for 2009 to 2013.

PROFIT FOR THE YEAR

For the year ended 31 December 2013, the Group's profit amounted to approximately HK$491,407,000 (2012: HK$291,738,000), representing an increase of approximately 68.44% as compared to last year. The increase in profit was due to the significant increase of investment return in 2013 generated by the Group's acquisition of the Six Domestic Terminal Companies.

FOREIGN CURRENCY RISK

In order to develop the storage and logistics businesses, and to execute the development strategy set by the Board of the Company in the near future, the Group signed a number of agreements in respect of the expansion of storage and logistics businesses. On 9 January 2012, the Group conditionally entered into the Sale and Purchase Agreement for the acquisition of 50% equity interest in Fujairah Oil Terminal FZC, and signed the Shareholders' Agreement in respect of the investment and construction of storage facility of approximately 1.155 million m^3 storage capacity through Fujairah Oil Terminal FZC. Pursuant to the Sale and Purchase Agreement and the Shareholders' Agreement, as at 31 December 2013, there were an unfulfilled balance of USD16,508,927 for the equity acquisition and a shareholder's loan obligation not exceeding the balance of USD34,229,825. On 9 October 2012, the Group acquired 95% equity interest in PT. West Point Terminal and entered into the Shareholders' Agreement for the construction of storage tanks and terminal ancillary facilities of 2.60 million m^3 storage capacity in Batam, Indonesia. In accordance with the Shareholders' Agreement, as at 31 December 2013, the Group shall bear a contribution obligation not exceeding the balance of USD215,935,000. In addition, in order to meet the needs of LNG vessel construction, on 31 March 2012, the Group entered into a related agreement for the construction of two LNG vessels under the Papua New Guinea LNG Project. Pursuant to such agreement, on 31 December 2013, the Group had a shareholder's loan obligation in the balance of USD6,776,690. On 28 April 2013, the Group entered into the Vessel Sponsors' Undertakings in relation for the construction of six LNG vessels under the Australia Pacific LNG Project. Pursuant to the Vessel Sponsors' Undertakings, as at 31 December 2013, the Group undertook a contribution obligation not exceeding the balance of USD157,155,763 in relations to the necessary shareholder's loan and cost overruns for vessel construction. Along with the progress of project and schedule, the Group will fulfill the corresponding contribution obligation in accordance with the above agreements. As there is fluctuation in the exchange rate of such currencies, there may be difference between the amount in Hong Kong Dollar to be paid accordingly 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 2013, the Group had a total of 241 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

Save as disclosed in this announcement, the Group has complied with the applicable code provisions of the Corporate Governance Code (the "**Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the year ended 31 December 2013, except the following: the Chairman of the Board and the Chairman of the Audit Committee were unable to attend the annual general meeting held on 10 June 2013 (which was required under the code provision E.1.2) due to work engagement. As such, Mr. Ye Zhi Jun, the managing director of the Company, took the chair of the meeting pursuant to the Bye-laws of the Company and upon the approval of the Board.

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

In May 2013, pursuant to the General Mandate to allot, issue and deal with Shares approved in the Annual General Meeting, the Company issued and placed a total of 412.5 million shares of the Company. Upon the completion of the issue and placing, the total number of shares in issue of the Company increased from 2.07366 billion shares to 2.48616 billion shares while the shareholding ratio of Sinopec Kantons International Limited decreased from 72.34% to 60.33%.

Save for the above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during 2013.

AUDIT COMMITTEE

The Audit Committee of the Company (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 2013.

REMUNERATION COMMITTEE

The Remuneration Committee of the Company (the "**Remuneration Committee**") 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

The Nomination Committee of the Company (the "**Nomination Committee**") has been established in accordance with the requirements of the Code. The Nomination Committee comprises three independent non-executive Directors and two executive Directors, of which one of the executive Directors was appointed as the chairperson of the Nomination Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS

For the year ended 31 December 2013, all the directors confirmed that they have complied with the required standards of the Model Code for 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

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

By order of the Board of
Sinopec Kantons Holdings Limited
Dai Zhao Ming
Chairman

Hong Kong, 31 March 2014

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*