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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 2016

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 2016 (the "**Year**" or the "**Period**") together with the comparative figures for the previous financial year. The financial information in the announcement (including the comparative information of same period of 2015) is extracted from the 2016 financial statements, which have been audited by PricewaterhouseCoopers and reviewed by the audit committee of the Company (the "**Audit Committee**").

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

	Note	**2016**	2015
		HK$'000	*HK$'000*
Revenue	*3, 4*	**1,766,590**	2,043,630
Cost of sales	*6*	**(1,136,201)**	(1,204,618)
Gross profit		**630,389**	839,012
Other income and other gains, net	*5*	**107,329**	55,478
Distribution costs	*6*	**(20,760)**	(25,598)
Administrative expenses	*6*	**(162,997)**	(138,519)
Operating profit		**553,961**	730,373
Finance income		**10,421**	14,649
Finance costs		**(203,756)**	(198,140)
Finance costs, net		**(193,335)**	(183,491)
Share of results of:			
–Associates		**135,549**	117,865
–Joint ventures		**644,128**	553,901
		779,677	671,766
Profit before income tax		**1,140,303**	1,218,648
Income tax expenses	*7*	**(135,317)**	(191,730)
Profit for the year		**1,004,986**	1,026,918
Profit attributable to:			
Equity holders of the Company		**1,005,259**	1,026,852
Non-controlling interests		**(273)**	66
		1,004,986	1,026,918
Basic and diluted earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share)	*8*	**40.43**	41.30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016	2015
	HK$'000	*HK$'000*
Profit for the year	**1,004,986**	1,026,918
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on currency translation		
–Subsidiaries	**(283,744)**	(226,074)
–Associates	**(45,648)**	(39,624)
–Joint ventures	**(307,326)**	(385,595)
Cash flow hedges		
–Associates	**(6,688)**	–
–Joint ventures	**(23,732)**	–
Other comprehensive income for the year, net of tax	**(667,138)**	(651,293)
Total comprehensive income for the year	**337,848**	375,625
Total comprehensive income attributable to:		
Equity holders of the Company	**338,121**	375,559
Non-controlling interests	**(273)**	66
Total comprehensive income for the year	**337,848**	375,625

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Note	**2016**	2015
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**6,872,274**	7,575,508
Investment properties		**62,555**	68,062
Prepaid land lease payments		**681,920**	708,797
Prepayment and other receivables		**–**	137,356
Interests in associates		**710,784**	678,586
Interests in joint ventures		**6,460,197**	6,378,616
Total non-current assets		**14,787,730**	15,546,925
Current assets			
Inventories		**15,584**	21,261
Trade and other receivables	*9*	**1,173,286**	988,236
Cash and cash equivalents		**323,206**	1,057,732
Total current assets		**1,512,076**	2,067,229
Total assets		**16,299,806**	17,614,154
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**248,616**	248,616
Reserves		**9,313,764**	9,124,813
Equity attributable to equity holders of the Company		**9,562,380**	9,373,429
Non-controlling interests		**38,392**	38,665
Total equity		**9,600,772**	9,412,094

	Note	2016 HK$'000	2015 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**99,800**	95,695
Borrowings		**3,353,791**	3,938,982
Government grants		**13,178**	4,667
Total non-current liabilities		**3,466,769**	4,039,344
Current liabilities			
Trade and other payables	*11*	**943,577**	4,139,948
Borrowings		**2,273,812**	–
Income tax payable		**14,876**	22,768
Total current liabilities		**3,232,265**	4,162,716
Total liabilities		**6,699,034**	8,202,060
Total equity and liabilities		**16,299,806**	17,614,154

NOTES TO THE FINANCIAL STATEMENTS

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 (together, the "Group") are principally engaged in the provision of crude oil jetty services, vessel chartering services and natural gas pipeline transmission services. The principal activities of the associates and joint ventures of the Group are principally engaged in operation of crude oil and oil products terminals and ancillary facilities, provision of logistics services including storage, transportation and terminal services.

These financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These financial statements have been approved by the board of directors for issue on 30 March 2017.

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 ("Sinopec Group"). China Petroleum & Chemical Corporation ("Sinopec Corp."), is an intermediate holding company of the Company and its shares are listed on the stock exchanges of Shanghai, Hong Kong, New York and London.

2 Basis of preparation

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

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

In December 2015, the Group completed its acquisition of the entire equity interest in Sinopec Yu Ji Pipeline Company Limited ("Yu Ji Pipeline Company"), which is under common control of Sinopec Group. The acquisition of Yu Ji Pipeline Company which is a business combination under common control is accounted for in a manner similar to a uniting of interests whereby the assets and liabilities acquired are accounted for at carryover predecessor values to the other party to the business combination with all periods presented as if the operations of the Group and the business acquired have always been combined. The difference between the consideration paid by the Group and the net assets or liabilities of the business acquired is adjusted against equity.

2.1 Going concern

As at 31 December 2016, the Group had net current liabilities of approximately HK$1,720 million, which was primarily due to the drawn down of approximately HK$2,274 million of the relatively lower interest rate short-term revolving facility, from Sinopec Century Bright Capital Investment Limited ("Century Bright"), for the settlement of consideration payable for the acquisition of the entire equity interest in Yu Ji Pipeline Company completed in December 2015. This short-term revolving facility is a financing arrangement within Sinopec Group companies.

The board of directors of the Company has considered, among others, internally generated funds and financial resources available to the Group in the adoption of going concern basis in the preparation of the consolidated financial statements. In December 2016, the Group has renewed the short-term revolving facility of US$500 million (equivalent to approximately HK$3,878 million) provided by Century Bright, expiring on 29 December 2017. Subject to fulfilment of certain conditions, Century Bright has confirmed their intention that without unforeseen situation, approval of renewal of the short-term facility is expected.

Based on the above, the Directors of the Company believe that the Group will have adequate resources to continue its operations for the foreseeable future for a period that is not less than 12 months from the end of the reporting period. Accordingly, the Directors of the Company continue adopting the going concern basis in preparing consolidated financial statements.

2.2 Changes in accounting policy and disclosures

(a) Amended standards adopted by the Group

Annual improvements project	Annual improvements to HKFRSs 2012-2014 cycle
HKAS 1 (Amendment)	Disclosure initiative
HKAS 27 (Amendment)	Equity method in separate financial statements
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation

The adoption of these amendments to standards and interpretation have no significant effects on the Group's financial information.

(b) Amended standards mandatory for the first time for the financial year beginning on 1 January 2016 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

HKAS 16 and HKAS 41 (Amendments)	Agriculture: bearer plants
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations
HKFRS 14	Regulatory deferral accounts

(c) ***New standards, amendments and interpretations have been issued but are not effective for the financial year beginning on 1 January 2016 and have not been early adopted***

The following standards, amendments to standards and interpretation have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2017 or later periods, but the Group has not early adopted them:

		Effective for accounting periods beginning on or after
HKAS 12 (Amendments)	Income taxes	1 January 2017
HKAS 7 (Amendments)	Statement of cash flows	1 January 2017
HKFRS 2 (Amendments)	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be announced

HKFRS 15, 'Revenue from contracts with customers', establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach. HKFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. HKFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with earlier application permitted.

HKFRS 16, 'Leases', provides updated guidance on the definition of leases, and the guidance on the combination and separation of contracts. Under HKFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. HKFRS 16 requires lessees to recognise lease liability reflecting future lease payments and a 'right-of-use-asset' for almost all lease contracts, with an exemption for certain short-term leases and leases of low-value assets. The lessors accounting stays almost the same as under HKAS 17 'Leases'. An entity shall apply HKFRS 16 for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted if HKFRS 15 is also applied.

The adoption of other standards, amendments and interpretations listed above in future periods is not expected to have any material impact on the Group's results of operations and financial position.

3 Segment reporting

The Group manages its businesses by divisions, which are organised by its business lines (products and services). In a manner consistent with the way in which information is reported internally to the board of directors (the "Group's chief operating decision-maker") for the purposes of resource allocation and performance assessment, the Group has identified three reportable segments, namely, rendering of crude oil jetty and storage services, rendering of vessel chartering and logistics services and rendering of natural gas pipeline transmission services.

– Crude oil jetty and storage 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 Europe, the Middle East and the PRC.

– Vessel chartering and logistics services: this segment provides vessel chartering services 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.

– Natural gas pipeline transmission services: this segment provides transmission services through its natural gas pipelines located in the PRC.

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision-maker monitors the results, assets and liabilities attributable to each reporting segment on the following basis:

Segment assets included all assets, except for cash and cash equivalents, investment properties, dividend receivable from joint ventures, prepaid land lease payments and unallocated trade and other receivables. Segment liabilities exclude unallocated trade and other payables, borrowings and deferred income tax liabilities. The Group's chief operating decision-maker has determined to present segment assets, liabilities and results of associates and joint ventures under respective segments. Comparative information has been reclassified to conform with current year's presentation.

(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.

The measure used for reporting segment profit is "segment results". Segment results 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 finance income, unallocated depreciation and amortisation, and other corporate costs or income are excluded from segment results.

In addition to receiving segment information concerning segment results, management is also provided with segment information concerning bank interest income, depreciation and amortisation and capital expenditures used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's chief operating decision-maker 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 2016:

Year ended 31 December 2016

	Crude oil jetty and storage services HK$'000	Vessel chartering and logistics services HK$'000	Natural gas pipeline transmission services HK$'000	Total HK$'000
Segment revenue	**586,512**	**140,473**	**1,039,605**	**1,766,590**
Segment results				
– Company and subsidiaries	**242,578**	**59,139**	**191,156**	**492,873**
– Associates	**130,649**	**4,900**	**–**	**135,549**
– Joint ventures	**639,386**	**4,742**	**–**	**644,128**
				1,272,550
Unallocated other corporate expenses				**(132,247)**
Profit before income tax				**1,140,303**
Income tax expenses				**(135,317)**
Profit for the year				**1,004,986**
Other segment items				
Bank interest income	**263**	**3,926**	**6,232**	**10,421**
Depreciation and amortisation	**(148,503)**	**(1,420)**	**(374,421)**	**(524,344)**
Capital expenditures	**142,553**	**44**	**138,609**	**281,206**

As at 31 December 2016

	Crude oil jetty and storage services *HK$'000*	Vessel chartering and logistics services *HK$'000*	Natural gas pipeline transmission services *HK$'000*	Total *HK$'000*
Segment assets				
– Company and subsidiaries	**2,244,228**	**124,822**	**5,512,290**	**7,881,340**
– Associates	**640,463**	**70,321**	**–**	**710,784**
– Joint ventures	**5,735,727**	**724,470**	**–**	**6,460,197**
				15,052,321
Unallocated assets				
– Cash and cash equivalents				**323,206**
– Trade and other receivables				**5,392**
– Investment properties				**62,555**
– Dividend receivable from joint ventures				**236,053**
– Prepaid land lease payments				**620,279**
Total assets				**16,299,806**
Segment liabilities	**122,304**	**2,269,356**	**3,429,529**	**5,821,189**
Unallocated liabilities				
– Trade and other payables				**699,893**
– Borrowings				**78,152**
– Deferred income tax liabilities				**99,800**
Total liabilities				**6,699,034**

(ii) As at and for the year ended 31 December 2015:

Year ended 31 December 2015

	Crude oil jetty and storage services *HK$'000*	Vessel chartering and logistics services *HK$'000*	Natural gas pipeline transmission services *HK$'000*	Total *HK$'000*
Segment revenue	613,975	224,588	1,205,067	2,043,630
Segment results				
– Company and subsidiaries	232,094	42,682	338,627	613,403
– Associates	114,602	3,263	–	117,865
– Joint ventures	553,901	–	–	553,901
				1,285,169
Unallocated other corporate expenses				(66,521)
Profit before income tax				1,218,648
Income tax expenses				(191,730)
Profit for the year				1,026,918
Other segment items				
Bank interest income	327	13,270	1,005	14,602
Depreciation and amortisation	(178,386)	(1,421)	(370,674)	(550,481)
Capital expenditures	176,523	22	136,662	313,207

As at 31 December 2015

	Crude oil jetty and storage services *HK$'000*	Vessel chartering and logistics services *HK$'000*	Natural gas pipeline transmission services *HK$'000*	Total *HK$'000*
Segment assets				
– Company and subsidiaries	2,161,261	127,449	6,504,148	8,792,858
– Associates	608,478	70,108	–	678,586
– Joint ventures	5,793,101	585,515	–	6,378,616
				15,850,060
Unallocated assets				
– Cash and cash equivalents				1,057,732
– Trade and other receivables				1,151
– Investment properties				68,062
– Prepaid land lease payments				637,149
Total assets				17,614,154
Segment liabilities	112,693	3,144,082	4,206,716	7,463,491
Unallocated liabilities				
– Trade and other payables				642,874
– Deferred income tax liabilities				95,695
Total liabilities				8,202,060

(b) Analysis of information by geographical regions

The following tables set out information about the geographical information of the Group's revenue, non-current assets and total assets. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Revenue

	2016	2015
	HK$'000	*HK$'000*
The PRC	**1,626,117**	1,819,042
Hong Kong	**140,473**	224,588
	1,766,590	2,043,630

Non-current assets

	2016	2015
	HK$'000	*HK$'000*
The PRC	**11,426,023**	12,258,775
Europe	**1,250,990**	1,271,854
Indonesia	**706,480**	724,116
Hong Kong	**821,368**	686,716
United Arab Emirates	**582,032**	604,577
Other	**837**	887
	14,787,730	15,546,925

Total assets

	2016	2015
	HK$'000	*HK$'000*
The PRC	**12,557,960**	13,282,227
Europe	**1,250,990**	1,271,854
Indonesia	**813,589**	833,071
Hong Kong	**1,094,398**	1,621,538
United Arab Emirates	**582,032**	604,577
Other	**837**	887
	16,299,806	17,614,154

(c) Major customers

For the purpose of disclosure under segment reporting, one (2015: one customer (including Sinopec Gas Company, UNIPEC ASIA COMPANY LIMITED and China Petroleum & Chemical Corporation Guangzhou Branch) customer (including Sinopec Gas Company, UNIPEC ASIA COMPANY LIMITED and China Petroleum & Chemical Corporation Guangzhou Branch) from crude oil jetty services, vessel chartering services and natural gas pipeline transmission services has transactions that exceeded 96% of the Group's revenue, amounting to HK$1,697,415,000 (2015: HK$1,957,918,000). This customer mainly operates in the PRC.

(d) Capital expenditures

	2016	2015
	HK$'000	*HK$'000*
Hong Kong	**44**	22
The PRC	**281,162**	313,185
	281,206	313,207

4 Revenue

	2016	2015
	HK$'000	*HK$'000*
Provision of services:		
– Crude oil jetty services	**586,512**	613,975
– Vessel chartering services	**140,473**	224,588
– Natural gas pipeline transmission services	**1,039,605**	1,205,067
	1,766,590	2,043,630

5 Other income and other gains, net

	2016	2015
	HK$'000	*HK$'000*
Other income:		
– Rental income from investment properties	**8,593**	6,083
– Sale of fuel oil for vessels	**13,551**	–
– Government grants		
– VAT refund	**52,119**	73,737
– others	**2,272**	2,056
– Interest income from loan to:		
– An associate	**3,750**	2,748
– A joint venture	**18,880**	11,775
– Management fee income from a joint venture	**3,420**	841
	102,585	97,240
Other gains/(losses):		
– Net foreign exchange gain/(loss)	**5,067**	(39,170)
– Net loss on disposal of property, plant and equipment	**(840)**	(2,721)
– Others	**517**	129
	4,744	(41,762)
	107,329	55,478

6 Expenses by nature

	2016	2015
	HK$'000	*HK$'000*
Cost of inventories sold		
– fuel oil for vessels	**36,514**	53,553
Depreciation		
– properties, plant and equipment	**516,061**	535,395
– investment properties	**3,043**	4,054
Amortisation of prepaid land lease payments	**19,086**	14,311
Employee benefit expenses, including Directors' remuneration	**100,978**	99,590
Management fees to a fellow subsidiary	**9,010**	5,574
Expenses relating to investment properties	**998**	938
Operating lease charges: minimum lease payments		
– hire of vessels	**62,293**	76,743
– hire of natural gas storage	**112,507**	101,605
– hire of a property	**12,205**	14,989

7 Income tax expenses

	2016	2015
	HK$'000	*HK$'000*
Current income tax:		
– Hong Kong profits tax *(Note b)*	**1,398**	2,115
– PRC current income tax *(Note c)*	**104,527**	139,336
– Withholding tax	**19,291**	51,497
	125,216	192,948
Deferred income tax charged/(credited) *(Note d)*	**10,101**	(1,218)
	135,317	191,730

(a) The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Law of the Bermuda and, accordingly, is exempted from payment of the Bermuda income tax.

(b) Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year.

(c) The provision for PRC current income tax is based on a statutory income tax rate of 25% of the assessable income of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC (2015: 25%).

(d) Dividend distributions out of profit of foreign-invested enterprises earned in the PRC subsequent to 1 January 2008 is subject to withholding tax at tax rate of 5% or 10%. During the year, withholding tax was provided for portion of the relevant undistributed profits of the Group's subsidiaries, joint ventures and associates established in the PRC at tax rate of 5% or 10% (2015: 5% or 10%).

8 Earnings per share

	2016	2015
Profit attributable to equity holders of the Company (HK$'000)	**1,005,259**	1,026,852
Weighted average number of ordinary shares in issue (shares'000)	**2,486,160**	2,486,160
Basic earnings per share (HK cents per share)	**40.43**	41.30

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

9 Trade and other receivables

	2016	2015
	HK$'000	*HK$'000*
Trade receivables		
– An intermediate holding company and a fellow subsidiary	**576,634**	298,071
– Bills receivables	**55,998**	32,705
– Others	**1,704**	1,335
	634,336	332,111
Other receivables		
– Amounts due from an intermediate holding company and fellow subsidiaries	**250,423**	620,881
– Dividend receivables from joint ventures	**236,053**	5,968
– Management fee receivable from a joint venture	**3,420**	841
– Others	**49,054**	28,435
	538,950	656,125
	1,173,286	988,236

The Group grants credit periods of 30 to 90 days or one year from the date of billing to its customers.

The amounts due from an intermediate holding company are unsecured, interest free and repayable on demand.

The ageing analysis of the trade receivables based on invoice date was as follows:

	2016	2015
	HK$'000	*HK$'000*
Within 1 month	**64,092**	95,985
1 to 2 months	**213,372**	61,912
2 to 3 months	**16,769**	20,231
Over 3 months but less than 12 months	**340,103**	153,983
	634,336	332,111

10 Dividends

	2016	2015
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK3.5 cents (2015: HK2.5 cents) per ordinary share	**87,016**	62,154
Final dividend proposed HK3.5 cents (2015: HK2.5 cents) per ordinary share	**87,016**	62,154
	174,032	124,308

A final dividend in respect of the year ended 31 December 2016 of HK3.5 cents per share, amounting to a total dividend of HK$87,016,000 is to be proposed at the annual general meeting on 13 June 2017. These financial statements do not reflect this dividend payable.

11 Trade and other payables

	2016	2015
	HK$'000	*HK$'000*
Trade payables		
– Fellow subsidiaries	**14,873**	12,299
– Others	**36,452**	64,925
	51,325	77,224
Other payables		
– Amounts due to immediate, intermediate holding companies and fellow subsidiaries	**743,536**	810,566
– Accrued charges	**148,716**	176,313
– Consideration payable to acquire equity interests in a subsidiary under common control	**–**	3,075,845
	892,252	4,062,724
	943,577	4,139,948

The amounts due to immediate, intermediate holding companies and fellow subsidiaries are unsecured, interest free and repayable on demand.

The ageing analysis of the trade payables based on the invoice date was as follows:

	2016	2015
	HK$'000	*HK$'000*
Due within 1 month or on demand	**51,259**	77,158
Due after 1 month but within 3 months	**66**	66
	51,325	77,224

12 Commitments

(a) As at 31 December 2016, the outstanding capital commitments not provided for in the financial statements were as follows:

	2016	2015
	HK$'000	*HK$'000*
Contracted for but not provided for	**340,448**	476,119
Authorised but not contracted for	**272,119**	332,961
	612,567	809,080

(b) As at 31 December 2016, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	2016	2015
	HK$'000	*HK$'000*
Within 1 year	**71,943**	131,837
After 1 year but within 5 years	**7,208**	65,207
After 5 years	**13,214**	17,798
	92,365	214,842

The Group leases a number of properties with an initial lease term of 3 to 32 years, with an option to renew the lease. None of the leases includes contingent rentals.

FINAL DIVIDEND

The Board recommended a dividend of HK$0.070 per share payable in cash for the whole year of 2016 (2015: HK$0.050 per share), excluding the interim dividend of HK$0.035 per share in cash for 2016 (2015: HK$0.025 per share) paid on 18 October 2016, the final dividend of HK$0.035 per share in cash for 2016 (2015: HK$0.025 per share) will be paid to all the shareholders whose names appear in the register of the members of the Company on 30 June 2017 (Friday).

CLOSURE OF REGISTER OF MEMBERS

(i) For determining the entitlement to attend and vote at the 2016 Annual General Meeting

The Company will convene the 2016 Annual General Meeting on 13 June 2017 (Tuesday), and the register of members of the Company will be closed from 7 June 2017 (Wednesday) to 13 June 2017 (Tuesday) (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending the 2016 Annual General Meeting of the Company and casting votes at 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 6 June 2017 (Tuesday).

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

The register of members of the Company will be closed from 26 June 2017 (Monday) to 30 June 2017 (Friday) (both days inclusive) during which period no transfer of shares will 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 2017 (Friday). The cheques for dividend payment will be sent to shareholders on or about 10 July 2017 (Monday).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and outlook

The global economy in 2016 was clouded by growing uncertainties as a result of ever-changing international environment. It experienced a difficult recovery from a significant adjustment. Although the Chinese economy, while maintaining stability, has taken a turn for the better generally, the short-term oversupply in some regional natural gas markets weighed on the natural gas pipeline transmission business of the Company's subsidiary. Besides, fluctuation in the exchange rate of Renminbi ("**RMB**") posed challenges to the production and operations of the Group. In face of the difficult conditions, the Company adhered to established development strategies, implemented agile and flexible operating strategies, reinforced risk management for the safety and rectified safety risks and reined in various operating costs. As local teapot refineries in China were granted permission to use imported crude oil gradually, crude oil imports climbed further. The Company took advantage of this favourable development to vigorously explore new markets and customers. Moreover, it strived to increase the throughput volume of its crude oil terminals and investment return, which helped to stabilize and improve the Group's operating results. In 2016, the Group's revenue dropped by approximately 13.56% year-on-year to approximately HK$1,767 million on lower gas transmission volume to Shandong Province in China. However, thanks to stable business growth of its oil terminals and continued improvement in the profitability of Fujairah Oil Terminal FZC ("**FOT**"), the Group's consolidated net profit only decreased by approximately 2.14% year-on-year to approximately HK$1,005 million.

The business volume of Huizhou Daya Bay Huade Petrochemical Company Ltd. ("**Huade Petrochemical**"), a wholly-owned subsidiary of the Company, was adversely affected in 2016 due to the maintenance of refinery equipment at China Petroleum & Chemical Corporation ("**Sinopec Corp.**") Guangzhou Branch ("**Guangzhou Petrochemical**"), the largest customer of its downstream operations. Huade Petrochemical strengthened the control-oriented operation in production, enhanced the control and the management of processing technology, as well as organized the production reasonably. Meanwhile, it stepped up efforts to implement meticulous cost management and curb various expenses. As a result, the business volume and operating efficiency of its crude oil terminal steadily improved. In addition, Huade Petrochemical attached great importance to the safety of production and safety risk management. It overcame a variety of urgent, difficult, hazardous and arduous tasks for safety risk management, made relentless efforts to strengthen safety risk management for its crude oil pipeline operations, successfully identified and managed the safety risks involved within the time required, thereby ensuring the smooth operations of its crude oil pipelines. During the Year, Huade Petrochemical unloaded approximately 12.34 million tonnes of crude oil from 97 oil tankers and transmitted approximately 12.23 million tonnes of crude oil, representing an increase of approximately 1.73% and 1.41% respectively from the year 2015, generating the segment results of approximately HK$243 million, representing an increase of approximately 4.52%.

The Chinese government granted local teapot refineries higher quotas for using imported crude oil continuously in 2016. In order to capture the opportunity and to boost the throughput of its crude oil terminals, the Company's associates and joint ventures took a variety of measures to develop communication platforms, whereby actively reaching out to and exploring potential customers. Interacting with customers and meeting their needs are put in the top priority. Therefore, they stepped up marketing efforts and achieved satisfactory operating results. For the Year, the aggregate throughput of Zhan Jiang Port Petrochemical Jetty Co., Ltd. ("**Zhan Jiang Port 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**") (collectively, the "**Six Domestic Terminal Companies**") amounted to approximately 197 million tonnes, representing an increase of approximately 12.64% from the year 2015. They generated an aggregate investment return of approximately HK$712 million, representing an increase of approximately 14.49% from the year 2015.

In response to the supply glut in liquefied natural gas ("**LNG**") market over a short period of time due to a large volume of LNG import in Shandong Province in 2016, Sinopec Yu Ji Pipeline Company Limited ("**Yu Ji Pipeline Company**"), a wholly-owned subsidiary of the Company, strived to take the initiative to explore the markets of other regions along the Yu Ji natural gas pipeline ("**Yu Ji

Pipeline") and in Hebei Province. It identified potential market demand and increased gas transmission to substitute markets so as to minimize the negative economic impacts brought about by a slowdown in gas transmission volume in Shandong Province. The safety of production for the operation of Yu Ji Pipeline was put to the test in 2016 because of extreme weather conditons. In face of the challenges, the entire staff of Yu Ji Pipeline Company stuck together and earnestly put the contingency plans in place according to strict requirements for the safety of production. They made sure that the safety plans were effectively implemented, all relevant parties were well informed and the contingency plans were effectively carried out. All these measures ensured the stable operation of Yu Ji Pipeline during the Year. In addition, Yu Ji Pipeline Company actively planned in 2016 for the transmission capacity expansion of Yu Ji Pipeline in order to improve its profitability, which laid a solid foundation for its further capacity expansion. In 2016, the gas transmission volume of Yu Ji Pipeline Company was approximately 2.97 billion m^3, representing a decrease of approximately 0.08% from the year 2015. This segment generated revenue of approximately HK$1,040 million, representing a decrease of approximately 13.73% from the year 2015. The segment results were approximately HK$191 million, representing a decrease of approximately 43.55% from the year 2015.

2016 was the first full year of commercial operation for FOT. During the Year, it actively explored new markets and enhanced its competitiveness in the market, driving the leasing rate of its storage facilities to 100% throughout the Year. Besides, FOT vigorously promoted lean management and strived to reduce all kinds of operating expenses. As a result, it achieved satisfactory economic benefit and generated an aggregate investment return of approximately HK$30.58 million for the Year. In 2016, two LNG vessel construction projects invested by the Group continued to make steady progress as scheduled. The second vessel under the Papua New Guinea LNG Project ("**PNGLNG**") has put into commercial operation since April 2016. Two vessels under PNGLNG completed 16 voyages during the Year and generated investment return of approximately HK$4.90 million, representing an increase of approximately 50.17% from the year 2015. In October 2016, the first vessel under the Australia Pacific LNG Project ("**APLNG**") commenced operation. It completed two voyages during the Year and generated investment return of approximately HK$4.74 million. Going forward, with more LNG vessels coming on stream, the investment return from LNG vessel business is expected to grow further and become a new growth driver for the Group. In 2016, the business of Vesta Terminals B.V. ("**Vesta**") under the Group in Europe generally remained a stable operation. Nevertheless, its business volume in Estonia dropped dramatically due to market factors. Despite its vigorous efforts to rein in costs and increase efficiency, Vesta's aggregate investment return dropped to approximately HK$27.27 million, representing a decrease of approximately 45.08% from the year 2015. In 2016, the development of a 2.6 million m^3 oil storage and terminal facility project in Indonesia (the "**Batam Project**") via PT. West Point Terminal ("**PT. West Point**"), a joint venture of the Company, was still pending. The Group is taking appropriate measures in arbitration and strived to do its best to protect the interest of the Company and its shareholders as a whole.

In view of sizeable swings in the international oil tanker futures market in 2016, the Group closely tracked the market developments and made reasonable judgments accordingly. It optimized the schedule of oil tankers and strived to increase the economic efficiency of chartered vessels. Six voyages were made during the Year. The chartered vessel business generated revenue of approximately HK$140 million, while the segment results increased by approximately 38.56% to approximately HK$59.14

million from the year 2015. Given the wide fluctuations of international oil tanker market, the Group had made careful consideration and decided to suspend renewal of the charter contract of its sole chartered oil tanker for risk aversion after it expired on 20 December 2016.

Looking ahead to 2017, market opportunities are expected to outweigh challenges. We will continue to place the safety of production as our top priority and further enhance the establishment and operation of the health, safety and environmental protection ("**HSSE**") management system of the Company. Based on the foundation of safe and stable production in operation, the Group will step up efforts to expand oil storage business and logistics business by increasing its business volume and operating scale. By fully utilizing our strengths and overcoming the weaknesses, we will further improve our quality and efficiency striving for excellence in our operating results to our shareholders and staff as well as the society.

REVENUE

For the year ended 31 December 2016, the Group's revenue was approximately HK$1,766,590,000 (2015: HK$2,043,630,000), representing a decrease of approximately 13.56% as compared with the same period last year. The decrease in revenue was mainly due to a significant decrease in natural gas pipeline transmission volume of Yu Ji Pipeline Company, a wholly-owned subsidiary of the Company, in Shandong Province under the short-term oversupply in the natural gas market of Shandong Province in 2016.

GROSS PROFIT AND OPERATING PROFIT

For the year ended 31 December 2016, the Group's gross profit was approximately HK$630,389,000 (2015: HK$839,012,000), representing a decrease of approximately 24.87% as compared with the same period last year; the operating profit was approximately HK$553,961,000 (2015: HK$730,373,000), representing a decrease of approximately 24.15% as compared with the same period last year. Both gross profit and operating profit decreased were mainly due to the decline in operating results of Yu Ji Pipeline Company in 2016 resulting from a decrease in natural gas pipeline transmission volume to Shandong Province.

OTHER INCOME AND OTHER GAINS, NET

For the year ended 31 December 2016, the Group's other income and other gains, net was approximately HK$107,329,000 (2015: HK$55,478,000), representing an increase of approximately 93.46% as compared with the same period last year. The increase in other income and other gains, net was mainly because the Group reduced its holdings of RMB monetary funds during the Period and the depreciation of RMB against HK$ resulted in a decrease in exchange loss, which led to an increase in other income and other gains, net.

DISTRIBUTION COSTS

For the year ended 31 December 2016, the Group's distribution costs were approximately HK$20,760,000 (2015: HK$25,598,000), representing a decrease of approximately 18.90% as compared with the same period last year. The decrease in distribution costs was mainly due to a decrease in the employees' remuneration as the number of employees of the Group slightly reduced in 2016.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2016, the Group's administrative expenses were approximately HK$162,997,000 (2015: HK$138,519,000), representing an increase of approximately 17.67% as compared with the same period last year. The increase in administrative expenses was mainly due to, on one hand, the fact that PT. West Point had amortized the current prepaid land lease payments since October 2015, while on the other hand, the service charges paid in relation to the engagement of relevant professional institutions for the Group regarding the Batam Project in 2016.

FINANCE INCOME

For the year ended 31 December 2016, the Group's finance income was approximately HK$10,421,000 (2015: HK$14,649,000), representing a decrease of approximately 28.86% as compared with the same period last year. The decrease of finance income was mainly due to a decrease in bank interest income caused by the reduction of fixed deposits of the Group in 2016.

SHARE OF RESULTS OF ASSOCIATES

For the year ended 31 December 2016, the Group's share of results of associates was approximately HK$135,549,000 (2015: HK$117,865,000), representing an increase of approximately 15.00% as compared with the same period last year. Share of results of associates increased mainly due to achieving better operating results from Zhan Jiang Port Terminal, an associate of the Company, during the Year.

SHARE OF RESULTS OF JOINT VENTURES

For the year ended 31 December 2016, the Group's share of results of joint ventures was approximately HK$644,128,000 (2015: HK$553,901,000), representing an increase of approximately 16.29% as compared with the same period last year. Share of results of joint ventures increased mainly because some of the crude oil terminal joint ventures of the Company (including Qingdao Shihua, Rizhao Shihua, Ningbo Shihua and Tianjin Shihua) and FOT achieved better operating results during the Year.

GEARING RATIO

As at 31 December 2016, the Group's current ratio (current assets to current liabilities) was approximately 0.47 (as at 31 December 2015: 0.50); and gearing ratio (total liabilities to total assets) was approximately 41.10% (as at 31 December 2015: 46.57%).

LIQUIDITY AND SOURCE OF FINANCE

As at 31 December 2016, cash and cash equivalents of the Group was approximately HK$323,206,000 (as at 31 December 2015: HK$1,057,732,000), representing a decrease of approximately 69.44% as compared with that at the end of last year, mainly due to the fact that the Group used cash in paying the consideration for the acquisition of Yu Ji Pipeline Company during the Period.

PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2016, the Group's property, plant and equipment was approximately HK$6,872,274,000 (as at 31 December 2015: HK$7,575,508,000), representing a decrease of approximately 9.28% as compared with that at the end of last year. Besides normal depreciation, the depreciation of RMB against HK$ in 2016 also caused the decrease of property, plant and equipment given that most of the property, plant and equipment of the Group are located in the PRC whilst the corresponding amounts of property, plant and equipment are reported in HK$.

INVENTORIES

As at 31 December 2016, the Group's inventories were approximately HK$15,584,000 (as at 31 December 2015: HK$21,261,000), representing a decrease of approximately 26.70% as compared with that at the end of last year, mainly due to the fact that the fuel oil of vessel was cleaned up after the suspension of vessel chartering business of the Group as at the end of 2016.

TRADE AND OTHER RECEIVABLES

As at 31 December 2016, the Group's trade and other receivables were approximately HK$1,173,286,000 (as at 31 December 2015: HK$988,236,000), representing an increase of approximately 18.73% as compared with that at the end of last year, which was mainly due to an increase in the amount due from a fellow subsidiary of Yu Ji Pipeline Company, a wholly-owned subsidiary of the Company, during the Period.

BORROWINGS

As at 31 December 2016, the Group's short-term interest-bearing loan was HK$2,273,812,000 (as at 31 December 2015: nil). The short-term interest-bearing loan was borrowed by Sinomart KTS Development Limited ("**Sinomart Development**"), a wholly-owned subsidiary of the Company, from Sinopec Century Bright Capital Investment Limited ("**Century Bright**"), and was totally paid as the consideration of acquisition of Yu Ji Pipeline Company.

As at 31 December 2016, Yu Ji Pipeline Company, a wholly-owned subsidiary of the Company, borrowed long-term interest-bearing loan from China International United Petroleum & Chemicals Co., Ltd. ("**UNIPEC**") through Bank of Communications Co., Ltd. for a total amount of RMB3,000,000,000 (equivalent to approximately HK$3,353,791,000) (as at 31 December 2015: HK$3,938,982,000), which was unsecured with a 10% discount on the benchmark lending rate issued by The People's Bank of China.

TRADE AND OTHER PAYABLES

As at 31 December 2016, the Group's trade and other payables were approximately HK$943,577,000 (as at 31 December 2015: HK$4,139,948,000), representing a decrease of approximately 77.21% as compared with that at the end of last year, mainly because the acquisition consideration in relation to Yu Ji Pipeline Company was fully paid to Sinopec Corp. by the Group during the Period.

GOVERNMENT GRANTS

As at 31 December 2016, the Group received government grants of approximately HK$13,178,000 (as at 31 December 2015: HK$4,667,000), representing an increase of approximately 182.37% as compared with that at the end of last year, mainly due to the fact that Huade Petrochemical received local government grants for commencing the safety risk rectification works of crude oil pipelines during the Period.

INCOME TAX PAYABLE

As at 31 December 2016, the income tax payable of the Group was approximately HK$14,876,000 (as at 31 December 2015: HK$22,768,000), representing a decrease of approximately 34.66% as compared with that at the end of last year, mainly due to a decrease in taxable profit of Yu Ji Pipeline Company, a wholly-owned subsidiary of the Company.

SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSAL

Save as disclosed in this announcement, the Company did not have any other significant investment, acquisition and disposal for the year ended 31 December 2016.

EXCHANGE RISK

The Company is engaged in oil storage, oil terminal and logistics businesses in the PRC, Europe and Fujairah, United Arab Emirates ("**UAE**") through its respective subsidiaries, associates and joint ventures, and generates operating income in RMB, Euro and US$ respectively. As the exchange rates of RMB, Euro and US$ against HK$ fluctuate, the Group faces exchange risk to a certain extent.

In addition, in order to develop the storage and logistics businesses and 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 October 2012, the Group acquired 95% equity interest in PT. West Point and entered into the shareholders' agreement for the Batam Project. In accordance with the shareholders' agreement, as at 31 December 2016, the Group committed to a contribution obligation not exceeding the balance of US$144,685,000. In addition, in order to meet the needs of LNG vessel construction, on 28 April 2013, the Group entered into the vessel sponsors' undertakings in relation to the construction of six LNG vessels under Phase I of APLNG. Pursuant to the vessel sponsors' undertakings, as at 31 December 2016, the Group undertook a contribution obligation not exceeding the balance of US$75,182,441 in relation to the necessary shareholder's loan and cost overrun for vessel construction. Along with the progress of project and schedule, the Group shall fulfill the corresponding contribution obligations in accordance with the above agreements. As the exchange rates of such currencies fluctuate from time to time, there may be differences between the amount in HK$ to be paid accordingly and the amount based on the corresponding exchange rate as at the date of the agreements.

Save for the above, the Group was not exposed to any other significant foreign exchange risk during the Year.

BATAM PROJECT

On 9 October 2012, the Company, through its wholly-owned subsidiary, Sinomart Development, acquired 95% equity interest in PT. West Point, and proposed to invest and construct 2.6 million m^3 oil storage tank and terminal facility in Batam, Indonesia via PT. West Point. Due to the minority interests by the Indonesian shareholder, the project was still pending during the Period.

On 11 November 2016, Sinomart Development and PT. West Point received two requests for arbitration notices from the International Court of Arbitration of the International Chamber of Commerce ("**ICC**") in respect of the submission of arbitration applications. Currently, the parties are conducting the said arbitration in accordance with the ICC proceedings. For details please refer to the announcement dated 15 November 2016 published by the Company on the website of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (www.hkexnews.hk) and the website of the Company (www.sinopec.com.hk).

The Company will take all appropriate measures in the above arbitration and protect the rights and interest of the Company.

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2016, the Group had a total of 249 employees. Remuneration packages, including basic salaries, bonuses and benefits-in-kind, are structured with reference to market terms, trends of human resources costs in various regions, and employee contributions based on performance appraisals. Subject to the profit of the Group and the performance of the employees, the Group also provides discretionary bonuses to employees as an incentive for their greater contributions.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Save as the Chairman of the Audit Committee did not attend the annual general meeting of the Company held on 7 June 2016 due to personal reason, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") for the year ended 31 December 2016.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2016.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors. It is responsible for reviewing the accounting principles and practices, auditing, internal control and risk management, internal audit and legal and regulatory compliance of the Group. In addition, the Audit Committee reviewed the interim and annual results of the Group prior to recommending them to the Board for approval.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "**Remuneration Committee**") was set up in accordance with the provisions of the Corporate Governance Code. The Remuneration Committee comprises three independent non-executive Directors and two executive Directors, of which an independent non-executive Director is the chairperson.

NOMINATION COMMITTEE

The nomination committee of the Company (the "**Nomination Committee**") was set up in accordance with the provisions of the Corporate Governance Code. The Nomination Committee comprises three independent non-executive Directors and two executive Directors, of which an independent non-executive Director is the chairperson.

CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding the Directors' securities transactions. Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2016.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE 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
Sinopec Kantons Holdings Limited
Chen Bo
Chairman

Hong Kong, 30 March 2017

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

Executive Directors:
Mr. Chen Bo *(Chairman)*
Mr. Xiang Xiwen *(Deputy Chairman)*
Mr. Dai Liqi
Mr. Li Jianxin
Mr. Wang Guotao
Mr. Ye Zhijun *(Managing Director)*

Independent Non-Executive Directors:
Ms. Tam Wai Chu, Maria
Mr. Fong Chung, Mark
Dr. Wong Yau Kar, David

* *For identification purposes only*