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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 INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Sinopec Kantons Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2017. Financial data in this announcement, together with the comparative figures for the corresponding period in 2016, were extracted from the 2017 condensed consolidated interim financial information, which have been reviewed by PricewaterhouseCoopers and the audit committee of the Company (the “**Audit Committee**”).

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2017

	<i>Note</i>	Six months ended 30 June	
		2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)
Revenue	4	944,607	862,716
Cost of sales		<u>(396,628)</u>	<u>(566,090)</u>
Gross profit		547,979	296,626
Other income and other gains, net		37,524	36,824
Distribution costs		(5,468)	(9,345)
Administrative expenses		<u>(63,204)</u>	<u>(69,695)</u>
Operating profit	5	516,831	254,410
Finance income		2,795	7,167
Finance costs		(88,110)	(110,760)
Share of results of:			
– Associates		79,270	69,278
– Joint ventures		<u>339,865</u>	<u>346,440</u>
Profit before income tax		850,651	566,535
Income tax expenses	6	<u>(147,392)</u>	<u>(54,083)</u>
Profit for the period		<u><u>703,259</u></u>	<u><u>512,452</u></u>
Profit attributable to:			
Equity holders of the Company		704,121	512,953
Non-controlling interests		<u>(862)</u>	<u>(501)</u>
		<u><u>703,259</u></u>	<u><u>512,452</u></u>
Basic and diluted earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share)	8	<u><u>28.32</u></u>	<u><u>20.63</u></u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	703,259	512,452
Other comprehensive income for the period:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on currency translation		
– Subsidiaries	140,430	(79,734)
– Associates	20,435	(13,206)
– Joint ventures	240,558	(46,837)
	401,423	(139,777)
Cash flow hedges		
– Associates	(3,657)	(5,186)
– Joint ventures	(20,416)	(21,740)
	(24,073)	(26,926)
Other comprehensive income for the period, net of tax	377,350	(166,703)
Total comprehensive income for the period	1,080,609	345,749
Total comprehensive income attributable to:		
Equity holders of the Company	1,081,471	346,250
Non-controlling interests	(862)	(501)
Total comprehensive income for the period	1,080,609	345,749

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

		As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		6,910,335	6,872,274
Investment properties		62,144	62,555
Prepaid land lease payments		678,286	681,920
Interests in associates		746,293	710,784
Interests in joint ventures		6,904,139	6,460,197
Total non-current assets		15,301,197	14,787,730
Current assets			
Inventories		14,958	15,584
Trade and other receivables	9	1,039,411	1,173,286
Cash and cash equivalents		247,756	323,206
Total current assets		1,302,125	1,512,076
Total assets		16,603,322	16,299,806
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		248,616	248,616
Reserves		10,308,219	9,313,764
Equity attributable to equity holders of the Company		10,556,835	9,562,380
Non-controlling interests		37,530	38,392
Total equity		10,594,365	9,600,772

		As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		117,377	99,800
Borrowings		2,822,808	3,353,791
Government grants		20,697	13,178
Total non-current liabilities		2,960,882	3,466,769
Current liabilities			
Trade and other payables	10	829,158	943,577
Borrowings		2,128,414	2,273,812
Income tax payable		90,503	14,876
Total current liabilities		3,048,075	3,232,265
Total liabilities		6,008,957	6,699,034
Total equity and liabilities		16,603,322	16,299,806

NOTES TO THE UNAUDITED INTERIM 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 (together, the “**Group**”) are principally engaged in the provision of crude oil jetty 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 product terminals and ancillary facilities, provision of logistics services including storage, transportation and terminal services.

The condensed consolidated interim financial information is presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated. This condensed consolidated interim financial information was approved by the board of directors for issue on 25 August 2017.

2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

2.1 Going concern

As at 30 June 2017, the Group had net current liabilities of approximately HK\$1,746 million, which was primarily due to the drawn down of approximately HK\$2,128 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 condensed consolidated interim information. In December 2016, the Group has renewed the short-term revolving facility of US\$500 million (equivalent to approximately HK\$3,900 million) provided by Century Bright, expiring on 29 December 2017 of which US\$227 million (equivalent to approximately HK\$1,772 million) was unutilised at 30 June 2017. Subject to fulfillment 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 condensed consolidated interim financial information.

2 BASIS OF PREPARATION (CONTINUED)

2.2 Change in accounting estimates of the useful life of natural gas pipeline

Starting from 1 January 2017, the useful life of natural gas pipeline of the Group has been changed from 20 years to 30 years, so as to reflect the physical conditions of the pipeline and to provide more reliable and relevant information of the Group. The change has been applied prospectively from 1 January 2017.

Accordingly, the adoption of the change in the estimated useful life of the natural gas pipeline has no effect on prior years. The effects of the above change are summarised below:

Condensed consolidated statement of comprehensive income for the six-month period ended 30 June 2017

	<i>HK\$'000</i> (Unaudited)
Decrease in depreciation	53,629
Increase in income tax expenses	13,407
Increase in profit for the period and profit attributable to owners of the Company	40,222

3 ACCOUNTING POLICIES

This condensed consolidated interim financial information has been prepared under the historical cost convention.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements, except for the adoption of amendments to standards which are relevant to the operations of the Group and mandatory for annual periods beginning 1 January 2017.

- a) Amendments to HKFRSs effective for the financial year ending 31 December 2017 do not have a material impact on the Group.
- b) Impact of standards issued not yet applied by the Group

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. The Group will make more detailed assessments of the impact over the next 6 months.

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'. The standard is mandatory for first interim period within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

4 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 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. All operating segments which fulfil the aggregation criteria under HKFRS 8, 'Operating segments', are identified by the Group's chief operating decision-maker have been aggregated in arriving at the reportable segments of the Group.

- 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 the PRC, Europe and the Middle East.
- Vessel chartering and logistics services: this segment provides vessel chartering services for liquefied natural gas and crude oil transportation. Currently, the Group's activities are mainly carried out in the PRC, Australia and Papua New Guinea.
- 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 and an associate, prepaid land lease payments, property, plant and equipment 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.

4 SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (Continued)

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 six months ended 30 June 2017:

	Crude oil jetty and storage services <i>HK\$'000</i> (Unaudited)	Vessel chartering and logistics services <i>HK\$'000</i> (Unaudited)	Natural gas pipeline transmission services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue	280,079	–	664,528	944,607
Segment results				
– Company and subsidiaries	124,551	–	352,993	477,544
– Associates	75,245	4,025	–	79,270
– Joint ventures	319,524	20,341	–	339,865
	519,320	24,366	352,993	896,679
Unallocated other corporate expenses				(46,028)
Profit before income tax				850,651
Income tax expenses				(147,392)
Profit for the period				703,259
Other segment items				
Bank interest income	223	–	2,565	2,788
Depreciation and amortisation	(74,684)	–	(128,242)	202,926
Capital expenditures	(64,287)	–	(110)	(64,397)

4 SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (Continued)

(i) As at and for the six months ended 30 June 2017: (Continued)

	Crude oil jetty and storage services <i>HK\$'000</i> (Unaudited)	Vessel chartering and logistics services <i>HK\$'000</i> (Unaudited)	Natural gas pipeline transmission services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment assets				
– Company and subsidiaries	2,417,347	–	5,261,097	7,678,444
– Associates	672,608	73,685	–	746,293
– Joint ventures	6,101,761	802,378	–	6,904,139
	<u>9,191,716</u>	<u>876,063</u>	<u>5,261,097</u>	<u>15,328,876</u>
Unallocated assets				
– Cash and cash equivalents				247,756
– Trade and other receivables				30,171
– Investment properties				62,144
– Dividend receivable from joint ventures				230,132
– Prepaid land lease payments				617,573
– Property, plant and equipment				86,670
				<u>1,274,446</u>
Total assets				<u><u>16,603,322</u></u>
Segment liabilities	<u>161,640</u>	<u>–</u>	<u>2,945,489</u>	<u>3,107,129</u>
Unallocated liabilities				
– Trade and other payables				656,037
– Borrowings				2,128,414
– Deferred income tax liabilities				117,377
				<u>2,901,828</u>
Total liabilities				<u><u>6,008,957</u></u>

4 SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (Continued)

(ii) As at 31 December 2016 and for the six months ended 30 June 2016:

	Crude oil jetty and storage services <i>HK\$ '000</i> (Unaudited)	Vessel chartering and logistics services <i>HK\$ '000</i> (Unaudited)	Natural gas pipeline transmission services <i>HK\$ '000</i> (Unaudited)	Total <i>HK\$ '000</i> (Unaudited)
Segment revenue	282,543	95,642	484,531	862,716
Segment results				
– Company and subsidiaries	126,469	12,541	35,719	174,729
– Associates	65,428	3,850	–	69,278
– Joint ventures	343,811	2,629	–	346,440
	<u>535,708</u>	<u>19,020</u>	<u>35,719</u>	<u>590,447</u>
Unallocated other corporate expenses				<u>(23,912)</u>
Profit before income tax				566,535
Income tax expenses				<u>(54,083)</u>
Profit for the period				<u><u>512,452</u></u>
Other segment items				
Bank interest income	62	3,978	3,097	7,137
Depreciation and amortisation	(76,359)	(708)	(189,310)	(266,377)
Capital expenditures	<u>(9,347)</u>	<u>(25)</u>	<u>(1,667)</u>	<u>(11,039)</u>

4 SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (Continued)

(ii) As at 31 December 2016 and for the six months ended 30 June 2016: (Continued)

	Crude oil jetty and storage services <i>HK\$ '000</i> (Audited)	Vessel chartering and logistics services <i>HK\$ '000</i> (Audited)	Natural gas pipeline transmission services <i>HK\$ '000</i> (Audited)	Total <i>HK\$ '000</i> (Audited)
Segment assets				
– Company and subsidiaries	2,244,228	–	5,512,290	7,756,518
– Associates	640,463	70,321	–	710,784
– Joint ventures	5,735,727	724,470	–	6,460,197
	<u>8,620,418</u>	<u>794,791</u>	<u>5,512,290</u>	<u>14,927,499</u>
Unallocated assets				
– Cash and cash equivalents				323,206
– Trade and other receivables				44,286
– Investment properties				62,555
– Dividend receivable from joint ventures				236,053
– Prepaid land lease payments				620,279
– Property, plant and equipment				85,928
				<u>1,372,307</u>
Total assets				<u>16,299,806</u>
Segment liabilities	<u>122,304</u>	<u>–</u>	<u>3,429,529</u>	<u>3,551,833</u>
Unallocated liabilities				
– Trade and other payables				773,589
– Borrowings				2,273,812
– Deferred income tax liabilities				99,800
				<u>3,147,201</u>
Total liabilities				<u>6,699,034</u>

4 SEGMENT REPORTING (CONTINUED)

(b) Analysis of information by geographical regions

	Six months ended 30 June	
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue		
– The PRC	<u>944,607</u>	<u>862,716</u>
Capital expenditures		
– Hong Kong	–	25
– The PRC	<u>64,397</u>	<u>11,014</u>
	<u>64,397</u>	<u>11,039</u>
	As at	As at
	30 June	31 December
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Non-current assets		
– The PRC	11,753,607	11,426,023
– Europe	1,375,994	1,250,990
– Indonesia	704,184	706,480
– Hong Kong	901,753	821,368
– United Arab Emirates	564,822	582,032
– Other	<u>837</u>	<u>837</u>
	<u>15,301,197</u>	<u>14,787,730</u>
Total assets		
– The PRC	12,694,627	12,557,960
– Europe	1,375,994	1,250,990
– Indonesia	811,617	813,589
– Hong Kong	1,155,425	1,094,398
– United Arab Emirates	564,822	582,032
– Other	<u>837</u>	<u>837</u>
	<u>16,603,322</u>	<u>16,299,806</u>

4 SEGMENT REPORTING (CONTINUED)

(c) Major customers

For the purpose of disclosure under segment reporting, one (six months ended 30 June 2016: one customer (including Sinopec Gas Company and China Petroleum & Chemical Corporation Guangzhou Branch) customer (including Sinopec Gas Company and China Petroleum & Chemical Corporation Guangzhou Branch) from crude oil jetty services, vessel chartering services and natural gas pipeline transmission services has transactions and natural gas pipeline transmission services has transactions that exceeded 10% of the Group's revenue, amounting to HK\$905,087,000 (six months ended 30 June 2016: HK\$799,323,000). This customer mainly operates in the PRC.

5 EXPENSES BY NATURE

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net foreign exchange gain/(loss)	2,066	(429)
Depreciation and amortisation	(211,000)	(276,909)
Operating lease charges: minimum lease payments		
– hire of vessels	–	(38,520)
– hire of natural gas storage facilities	(27,542)	(61,216)
– hire of a property	(6,528)	(4,209)
	<u> </u>	<u> </u>

6 INCOME TAX EXPENSES

		Six months ended 30 June	
		2017	2016
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Current income tax:			
– PRC current income tax	(c)	118,236	36,870
– Hong Kong profits tax	(b)	2,767	(455)
– Withholding tax	(d)	11,300	19,766
		<u> </u>	<u> </u>
		132,303	56,181
Deferred income tax charged/(credited)		15,089	(2,098)
		<u> </u>	<u> </u>
		147,392	54,083
		<u> </u>	<u> </u>

(a) The Company was incorporated in the 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% (2016: 16.5%) on the estimated assessable profit for the six months ended 30 June 2017 and 2016.

6 INCOME TAX EXPENSES (CONTINUED)

- (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 (2016: 25%).
- (d) Dividend distribution out of profit of foreign-invested enterprises established in the PRC earned after 1 January 2008 in the PRC is subject to withholding income tax at a tax rate of 5% or 10%. During the six months ended 30 June 2017 and 2016, withholding income tax was provided for undistributed profits of the Group's subsidiaries, joint ventures and associates established the PRC at tax rates of 5% or 10%.

7 DIVIDENDS

- (a)

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interim dividend, declared	124,308	87,016

On 25 August 2017, the board of directors has resolved to declare an interim dividend of HK5.0 cents per ordinary share (2016: HK3.5 cents per ordinary share). This interim dividend has not been recognised as a liability in this condensed consolidated interim financial information. It will be recognised in shareholders' equity in the year ending 31 December 2017.

- (b) A dividend of HK\$87,016,000 that relates to the year ended 31 December 2016 was paid in July 2017 (2016: HK\$62,154,000).

8 EARNINGS PER SHARE

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	704,121	512,953
Weighted average number of ordinary shares in issue ('000)	2,486,160	2,486,160
Basic earnings per share (HK cents per share)	28.32	20.63

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 periods.

9 TRADE AND OTHER RECEIVABLES

	As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
Trade receivables		
– An intermediate holding company and a fellow subsidiary	616,549	576,634
– Bills receivables	69,064	55,998
– Others	701	1,704
	<u>686,314</u>	<u>634,336</u>
 Other receivables		
– Amounts due from an intermediate holding company and fellow subsidiaries	71,515	250,423
– Management fee receivable from joint ventures	–	3,420
– Dividend receivables from joint ventures and an associate	230,132	236,053
– Others	51,450	49,054
	<u>353,097</u>	<u>538,950</u>
	<u><u>1,039,411</u></u>	<u><u>1,173,286</u></u>

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

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

9 TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing analysis of trade receivables past due but not impaired are set out below:

	As at 30 June 2017 <i>HK\$'000</i> (Unaudited)	As at 31 December 2016 <i>HK\$'000</i> (Audited)
Current	237,168	294,233
Less than 1 month past due	68,903	70,176
1 to 3 months past due	162,429	147,729
More than 3 months but less than 12 months past due	217,814	122,198
Amounts past due	449,146	340,103
	686,314	634,336

As at 30 June 2017 and 31 December 2016, trade receivables of approximately HK\$449,146,000 (2016: HK\$340,103,000) were past due but not impaired as there is no history of default.

10 TRADE AND OTHER PAYABLES

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Trade payables		
– Fellow subsidiaries	11,710	14,873
– Others	19,386	36,452
	<u>31,096</u>	<u>51,325</u>
Other payables		
– Amounts due to the immediate company, an intermediate holding company and fellow subsidiaries	517,845	743,536
– Creditors and accrued charges	193,177	148,716
– Dividend payable	87,040	–
	<u>798,062</u>	<u>892,252</u>
	<u>829,158</u>	<u>943,577</u>

Trade payable balances are repayable within one year.

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

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

	As at 30 June 2017 HK\$'000 (Unaudited)	As at 31 December 2016 HK\$'000 (Audited)
Due within 1 month or on demand	31,096	51,259
Due after 1 month but within 3 months	–	66
	<u>31,096</u>	<u>51,325</u>

INTERIM DIVIDEND

The Board proposes the payment of an interim dividend of HK5.0 cents per share in cash for the year 2017 to shareholders whose names appear on the register of members of the Company on 15 September 2017 (Friday).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 11 September 2017 (Monday) to 15 September 2017 (Friday) (both days inclusive) during which period no transfer of shares can be registered. In order to qualify for the proposed interim dividend, all share transfers, accompanied by 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 8 September 2017 (Friday). The cheques for dividend payment will be sent on or around 18 October 2017 (Wednesday).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

In the first half of 2017, the Chinese economy in general remained stable with a positive outlook. Specifically, the Chinese government actively promoted the use of clean energy, which accelerated domestic market demand for natural gas and created a relatively better market environment for the natural gas pipeline transmission business of the Group. In addition, the decrease in the production of crude oil in China together with the continuous growth of crude oil imports provided conditions for the Group to further develop the oil terminal business. Under such favorable market environment, the Company, under the guidance of the Board, actively took advantage of the momentum to expand its market share with full efforts and got in touch with customers enthusiastically so as to actively increase our total business volume. Meanwhile, we paid more attention to and strengthened production safety and risk control to ensure the stable operation of the production facilities and achieved better operating results. In the first half of 2017, the consolidated revenue of the Group was approximately HK\$945 million, representing an increase of approximately 9.49% as compared with the same period of last year; profit for the period was approximately HK\$703 million, representing an increase of approximately 37.23% as compared with the same period of last year. The Board proposes the payment of an interim dividend of HK5.0 cents per share in cash for the year 2017, representing an increase of approximately 42.86% as compared with the same period of last year.

In the first half of 2017, although the overall demand for natural gas in the Chinese market was growing, market demand and supply were very different in various seasons, provinces and regions. Sinopec Yu Ji Pipeline Company Limited ("**Yu Ji Pipeline Company**"), a wholly-owned subsidiary of the Company, strived to expand into new markets and find new customers through market segmentation, and was committed to accelerating the upgrade of transmission stations to enhance the transmission capacity of pipelines, thus an obvious increase in the transmission volume of natural gas was achieved which

led to a substantial growth of the operating results for the six months ended 30 June 2017. In the first half of 2017, natural gas transmission volume of Yu Ji Pipeline Company was approximately 2.063 billion m³, representing a significant increase of approximately 52.36% as compared with the same period of last year. Segment results of approximately HK\$353 million were realized, representing a substantial increase of approximately 888.25% as compared with the same period of last year. In the first half of 2017, Huizhou Daya Bay Huade Petrochemical Company Ltd. (**“Huade Petrochemical”**), a wholly-owned subsidiary of the Company, fully utilized the favorable opportunity brought about by the completion of maintenance and resumption of normal operation of the refinery equipment of China Petroleum & Chemical Corporation (**“Sinopec Corp.”**) Guangzhou Branch (**“Guangzhou Petrochemical”**), the largest customer for its downstream operations, so as to actively increase its total business volume. In the first half of 2017, Huade Petrochemical unloaded approximately 6.39 million tonnes of crude oil from 48 oil tankers and transmitted approximately 6.27 million tonnes of crude oil, representing an increase of approximately 14.11% and 10.19%, respectively, as compared with the same period of last year. In the first half of 2017, as affected by factors including movement in the exchange rate of RMB, the segment results realized by Huade Petrochemical were approximately HK\$125 million, representing a decrease of approximately 1.52% as compared with the same period of last year.

In the first half of 2017, as the Chinese government continued to increase the quota of imported crude oil for local teapot refineries and China’s crude oil imports continued to maintain a stable growth, the crude oil terminal associate and joint ventures of the Group actively adopted a multi-pronged operating strategy, which was obtaining more business volume by strengthening the expansion of markets, enhancing the operation efficiency by strengthening vessel scheduling, improving the turnover rate by strengthening evacuation organization, and improving the construction of ancillary facilities of infrastructure at the same time for increasing the terminal throughput volume. In the first half of 2017, the aggregate throughput volume 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”**), all of which are joint ventures or associate of the Group, amounted to approximately 112 million tonnes, representing an increase of approximately 12.00% as compared with the same period of last year. Although the aggregate terminal throughput volume for the first half of 2017 continued to maintain a stable growth, the aggregate investment return of the Six Domestic Terminal Companies decreased by approximately 3.12% as compared with the same period of last year to approximately HK\$373 million, as affected by factors including movement in the exchange rate of RMB and expiry of the preferential income tax treatment for some of the terminal joint ventures.

In the first half of 2017, the focus of work of the Group’s two liquefied natural gas (**“LNG”**) vessel transportation projects was gradually shifted from the construction of LNG vessels to operation of vessels. In the first half of 2017, two LNG vessels under the Papua New Guinea LNG Project (**“PNG LNG”**) in operation completed 13 voyages. The investment return from East China LNG Shipping Investment Co., Limited (**“East China”**) was approximately HK\$4.03 million, representing an increase of approximately 4.55% as compared with the same period of last year. Currently, three LNG vessels under the Australia Pacific LNG Project (**“AP LNG”**) have been put into operation and completed a total of 12 voyages in the first half of 2017. The investment return from China Energy Shipping Investment

Company Limited (“**CESI**”) was approximately HK\$20.34 million. It is expected that within a year’s time, three more LNG vessels under APLNG will be put into operation. With all the eight LNG vessels under APLNG and PNGLNG being put into operation, the LNG vessel transportation business will create more investment return and become another new growth driver for the Group.

In the first half of 2017, the oil storage market in the Middle East region underwent certain changes and the market competition was increasingly fierce. Affected by such situation, the leasing rate of oil tanks of Fujairah Oil Terminal FZC (“**FOT**”), a joint venture of the Group, had once decreased. Under such circumstances, FOT closely followed and analyzed the market trend, promptly adopted responsive measures to expand the market share in full efforts and find new customers for making up the decrease in the leasing rate of oil tanks on one hand, and strived to optimize the operation structure and strengthen the cost control to improve the profitability of the enterprise on the other hand. In the first half of 2017, FOT realized an investment return of approximately HK\$12.97 million, representing an increase of approximately 37.25% as compared with the same period of last year. In the first half of 2017, Vesta Terminals B.V. (“**Vesta**”), a joint venture of the Group in Europe, continued to react positively to the challenges of enterprise operation brought by the changes in the geopolitical situation through cost control and market expansion. In the first half of 2017, Vesta realized an investment return of approximately HK\$9.28 million, representing a decrease of approximately 38.46% as compared with the same period of last year.

In the first half of 2017, the overall performance of the operation of the Company was satisfactory and operating results had improved. Looking forward to the second half of 2017, we will strive to cope with various changes and challenges which may arise from the operation. By fully utilizing our strengths and overcoming the weaknesses, tackling the difficulties and promoting our expansion and innovation, we will continue to make efforts so as to increase the total business volume and strive to surpass the annual production and operation targets to attain satisfactory operating results to reward our shareholders, staff and the society.

REVENUE

In the first half of 2017, the Group’s revenue was approximately HK\$944,607,000 (first half of 2016: HK\$862,716,000), representing an increase of approximately 9.49% as compared with the same period of last year, which was mainly attributable to the substantial increase in transmission volume and revenue of Yu Ji Pipeline Company, a wholly-owned subsidiary of the Company, in the first half of 2017.

COST OF SALES

In the first half of 2017, the Group’s cost of sales was approximately HK\$396,628,000 (first half of 2016: HK\$566,090,000), representing a decrease of approximately 29.94% as compared with the same period of last year. The decrease in the cost of sales was mainly due to the following three reasons: firstly, with reference to the “Measures for the Supervision and Review of Natural Gas Pipeline Transportation Pricing Costs (for Trial Implementation)” (《天然氣管道運輸定價成本監審辦法(試行)》) (the “**Cost Supervision and Review Measures**”) issued by the PRC National Development and Reform Commission on 9 October 2016, Yu Ji Pipeline Company adjusted the depreciation durations for fixed assets accordingly since 1 January 2017. The useful life of natural gas pipeline was adjusted from

20 years to 30 years, which led to a substantial decrease in the depreciation charges of Yu Ji Pipeline Company for the first half of 2017; secondly, following the spirit of the Cost Supervision and Review Measures, the useful life of gas storage facilities leased by Yu Ji Pipeline Company from Natural Gas Branch Company of Sinopec Corp. (“**Sinopec Natural Gas Branch Company**”) was adjusted from 14 years to 30 years since 1 January 2017, which led to a substantial drop in the rental of gas storage facilities paid in accordance with the actual incurred cost of gas storage facilities for the first half of 2017; and thirdly, in the first half of 2017, as the Group had no chartered vessel business, no costs relating to such business were incurred.

GROSS PROFIT, OPERATING PROFIT, PROFIT BEFORE INCOME TAX AND PROFIT FOR THE PERIOD

In the first half of 2017, the Group’s gross profit was approximately HK\$547,979,000 (first half of 2016: HK\$296,626,000), representing an increase of approximately 84.74% as compared with the same period of last year; operating profit was approximately HK\$516,831,000 (first half of 2016: HK\$254,410,000), representing an increase of approximately 103.15% as compared with the same period of last year; profit before income tax was approximately HK\$850,651,000 (first half of 2016: HK\$566,535,000), representing an increase of approximately 50.15% as compared with the same period of last year; profit for the period was approximately HK\$703,259,000 (first half of 2016: HK\$512,452,000), representing an increase of approximately 37.23% as compared with the same period of last year. The substantial increases in the gross profit, operating profit, profit before income tax and profit for the period were due to the substantial increase in the operating results of Yu Ji Pipeline Company brought by the sharp growth of its natural gas transmission volume in the first half of 2017, and the substantial drops in the depreciation charges and the rental of gas storage facilities of Yu Ji Pipeline Company as compared with the same period of last year due to the adjustment of depreciation durations of natural gas pipelines and gas storage facilities.

Currently, the relevant authorities of the Chinese government are conducting supervision and review of pipeline transportation pricing costs on Yu Ji Pipeline Company in accordance with the Cost Supervision and Review Measures. The Group will implement new natural gas pipeline transportation prices after new pricing standards for natural gas pipeline transportation are issued by the relevant authorities of the Chinese government.

DISTRIBUTION COSTS

In the first half of 2017, the Group’s distribution costs were approximately HK\$5,468,000 (first half of 2016: HK\$9,345,000), representing a decrease of approximately 41.49% as compared with the same period of last year. The decrease in distribution costs was mainly due to the changes in the personnel structure and the decrease in number of staff of the Group, which led to the decrease in staff remuneration expenses for the first half of 2017.

ADMINISTRATIVE EXPENSES

In the first half of 2017, the Group's administrative expenses were approximately HK\$63,204,000 (first half of 2016: HK\$69,695,000), representing a decrease of approximately 9.31% as compared with the same period of last year, which was mainly due to the increase in the efforts on cost control by the Group, which led to the decrease in administrative expenses, followed by the decrease in the maintenance expenses of Huade Petrochemical, a wholly-owned subsidiary of the Company, in the first half of 2017.

FINANCE INCOME

In the first half of 2017, the Group's finance income was approximately HK\$2,795,000 (first half of 2016: HK\$7,167,000), representing a decrease of approximately 61.00% as compared with the same period of last year. This was mainly due to the reduction of the amount of fixed deposits which led to a decrease in interest income of the Group in the first half of 2017.

FINANCE COSTS

In the first half of 2017, the Group's finance costs were approximately HK\$88,110,000 (first half of 2016: HK\$110,760,000), representing a decrease of approximately 20.45% as compared with the same period of last year. This was mainly due to the efforts on loan repayment which led to a decrease in interest costs of the Group in the first half of 2017.

SHARE OF RESULTS OF ASSOCIATES

In the first half of 2017, the Group's share of results of associates was approximately HK\$79,270,000 (first half of 2016: HK\$69,278,000), representing an increase of approximately 14.42% as compared with the same period of last year, which was mainly due to better operating results achieved by Zhan Jiang Port Terminal, an associate of the Group, in the first half of 2017.

INCOME TAX EXPENSES

In the first half of 2017, the Group's income tax expenses were approximately HK\$147,392,000 (first half of 2016: HK\$54,083,000), representing a substantial increase of approximately 172.53% as compared with the same period of last year, which was mainly due to the substantial increase in taxable profit of Yu Ji Pipeline Company, a wholly-owned subsidiary of the Company, in the first half of 2017.

GEARING RATIO

As at 30 June 2017, the Group's current ratio (current assets to current liabilities) was approximately 0.43 (as at 31 December 2016: 0.47), and gearing ratio (total liabilities to total assets) was approximately 36.19% (as at 31 December 2016: 41.10%).

TRADE AND OTHER RECEIVABLES

As at 30 June 2017, the Group's trade and other receivables were approximately HK\$1,039,411,000 (as at 31 December 2016: HK\$1,173,286,000), representing a decrease of approximately 11.41% as compared with the end of last year, which was mainly due to enhanced management of trade receivables and increased efforts in call up by the Group in the first half of 2017.

LIQUIDITY AND SOURCE OF FINANCE

As at 30 June 2017, the Group's cash and cash equivalents amounted to approximately HK\$247,756,000 (as at 31 December 2016: HK\$323,206,000), representing a decrease of approximately 23.34% as compared with the end of last year, which was mainly due to the decrease in cash resulted from the increased loan repayments by the Group in the first half of 2017.

TRADE AND OTHER PAYABLES

As at 30 June 2017, the Group's trade and other payables were approximately HK\$829,158,000 (as at 31 December 2016: HK\$943,577,000), representing a decrease of approximately 12.13% as compared with the end of last year. This was mainly because an equity transfer agreement was entered into between Sinomart KTS Development Limited ("**Sinomart Development**"), a wholly-owned subsidiary of the Company, and Sinopec Corp. on 30 December 2014, for the acquisition of the entire equity interest of Yu Ji Pipeline Company. Pursuant to the agreement, profit or loss incurred during the period from the valuation date to the completion date of the equity transfer (the "**Profit or Loss for the Period**") would be attributed to Sinopec Corp.. The acquisition was completed on 31 December 2015. Therefore, the trade and other payables decreased after the repayment of the Profit or Loss for the Period to Sinopec Corp. by Yu Ji Pipeline Company in the first half of 2017. For details of trade and other payables, please refer to note 10 of the unaudited interim financial information in this announcement.

BORROWINGS

As at 30 June 2017, the Group's borrowings were approximately HK\$4,951,222,000 (as at 31 December 2016: HK\$5,627,603,000), representing a decrease of approximately 12.02% as compared with the end of last year, which was mainly due to the increased loan repayments by the Group in the first half of 2017.

RESERVES

As at 30 June 2017, the Group's reserves were approximately HK\$10,308,219,000 (as at 31 December 2016: HK\$9,313,764,000), representing an increase of approximately 10.68% as compared with the end of last year, which was mainly due to the substantial increase in the operating results of the Group for the first half of 2017.

OTHER INFORMATION

On 18 May 2017, Yu Ji Pipeline Company (as lessor), a wholly-owned subsidiary of the Company, and Shandong Natural Gas Pipeline Company Limited (as lessee), a non-wholly owned subsidiary of Sinopec Corp., entered into a lease framework agreement (the “**Lease Framework Agreement**”) in relation to the lease of a property in Shandong Province for a period of three years up to 31 December 2019. The Lease Framework Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), details of which please refer to the Company’s announcement dated 18 May 2017.

MATERIAL INVESTMENT, ACQUISITION AND DISPOSAL

Save as disclosed in this announcement, the Group did not have any other material investment, acquisition and disposal for the six months ended 30 June 2017.

RISKS ASSOCIATED WITH EXCHANGE RATE FLUCTUATION

The Company is engaged in petrochemical storage, terminal and logistics businesses in the PRC, Europe and Fujairah, United Arab Emirates through its wholly-owned subsidiaries, joint ventures and associates, 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, the Group signed a number of agreements in respect of the expansion of petrochemical storage and logistics businesses. On 9 October 2012, the Group acquired 95% equity interest in PT. West Point Terminal (“**PT. West Point**”) and entered into the shareholders’ agreement for the construction of 2.60 million m³ oil storage and terminal facilities in Indonesia. In accordance with the shareholders’ agreement, as at 30 June 2017, the Group committed to a contribution obligation not exceeding the balance of US\$144,685,000. 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 30 June 2017, the Group undertook a contribution obligation not exceeding the balance of US\$45,209,290 in relation to the necessary shareholder’s loan and cost overrun for vessel construction. Along with the progress of projects and schedule, the Group shall fulfill the corresponding contribution obligations in accordance with the above agreements. As the exchange rate of such currency fluctuates from time to time, there may be difference between the amount in HK\$ to be paid 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 risks.

CONTINGENT LIABILITIES AND ASSETS PLEDGED OF THE GROUP

As at 30 June 2017, the contingent liabilities and assets pledged of the Group were as follows:

Guarantor	Guaranteed entity	Name of agreement	Content of guarantee clause	Date of agreement	Guarantee period	Guarantee balance as at 30 June 2017
The Company	Sinomart Development	Sponsor Support Agreement of Vesta	Sinomart Development shall make sponsor support loan to Vesta subject to the terms set out in this agreement. Sinomart Development's obligation shall be guaranteed by the Company.	24 May 2016	Until the full loan repayment in respect of the project	Not more than EUR19 million
The Company	Sinomart Development ^{Note}	Sponsor Support Agreement of FOT	Sinomart Development shall make sponsor support loan to FOT subject to the terms set out in this agreement. Sinomart Development's obligation shall be guaranteed by the Company.	14 June 2015	Until the full loan repayment in respect of the project	US\$30 million
Sinomart Development	PT. West Point	Land Lease Agreement of Batam, Indonesia	In the event that PT. West Point fails to pay to lessor any amount of the land lease fee when due under the Land Lease Agreement, Sinomart Development shall pay, on demand, an amount obtained by multiplying such unpaid amount by the percentage representing its shareholding interest in PT. West Point.	9 October 2012	Effective for 30 years after the date of execution	SGD5.09 million

Guarantor	Guaranteed entity	Name of agreement	Content of guarantee clause	Date of agreement	Guarantee period	Guarantee balance as at 30 June 2017
The Company	Six companies with LNG vessel assets	Vessel sponsors' undertakings in relation to the investment and construction of six LNG vessels under APLNG	The Company provided shareholder's loan and guarantee for the potential cost overrun in respect of the LNG vessel construction in proportion to Kantons International Investment Limited's shareholdings.	28 April 2013	Effective until 18 June 2032	US\$45.21 million

Note: To support the project financing of FOT, Sinomart Development signed the Sponsor Support Agreement to make sponsor support loan to FOT under certain conditions according to the terms set out in this agreement. The sponsor support loan is guaranteed by the Company. Sinomart Development also entered into an equity pledge agreement on 6 August 2015, pursuant to which Sinomart Development pledged its 50% equity interest in FOT to the bank which offered loan in respect of the project of FOT until the full repayment of the loan.

Save for the above, the Group did not provide any financial assistance or guarantee and pledge of shares for other companies as at 30 June 2017.

EMPLOYEES AND EMOLUMENT POLICIES

As at 30 June 2017, the Group had a total of 245 employees. Remuneration packages, including basic salaries, bonuses and benefits-in-kind, are structured by reference to market terms, trends of human resources costs in various regions and employees' 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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, none of the Directors or chief executive of the Company had any interest or short position in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")), which is required to be recorded in the register kept under section 352 of the SFO or otherwise required to be notified by the Directors and the chief executive of the Company to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set forth in Appendix 10 of the Listing Rules.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

Save as disclosed below, the Directors are not aware of any person (other than the Directors and chief executive of the Company) who, as at 30 June 2017, had interests or short positions in shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity and nature of interest	Number of ordinary shares held	Approximate % of the issued share capital
Sinopec Kantons International Limited ^{Note}	Beneficial owner	1,500,000,000 ^(L)	60.33% ^(L)

Note: The entire issued share capital of Sinopec Kantons International Limited is held by China International United Petroleum & Chemicals Co., Ltd. (“UNIPEC”). The controlling interest in the registered capital of UNIPEC is ultimately held by China Petrochemical Corporation (“Sinopec Group Company”).

CORPORATE GOVERNANCE

The Group had complied with the applicable provisions of the Corporate Governance Code in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2017.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2017.

SHARE OPTION SCHEME

For the six months ended 30 June 2017, the Company had not established and implemented any share option scheme.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, of which one of the independent non-executive Directors was appointed as the chairperson of the Audit Committee. The Audit Committee has reviewed with the management and external auditors the accounting principles and practices adopted by the Company and discussed, among other things, the auditing, internal control, risk management, internal auditing and financial reporting matters including the review of financial reports. The Audit Committee has reviewed the unaudited interim financial report of the Group for the six months ended 30 June 2017.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “**Remuneration Committee**”) comprises three independent non-executive Directors and two executive Directors, of which one of the independent non-executive Directors was appointed as the chairperson of the Remuneration Committee.

NOMINATION COMMITTEE

The nomination committee of the Company (the “**Nomination Committee**”) comprises three independent non-executive Directors and two executive Directors, of which one of the independent non-executive Directors was appointed as the chairperson of the Nomination Committee.

CODE FOR SECURITIES TRANSACTIONS

In respect of the securities transactions conducted by the Directors, the Group has adopted a code of conduct on terms no less exacting than the required standards set out in the Model Code. For the six months ended 30 June 2017, all the Directors confirmed that they had complied with the Model Code.

SUFFICIENCY OF PUBLIC FLOAT

According to the information publicly available to the Company and to the best knowledge of the Directors, the Company had maintained sufficient public float as required under the Listing Rules throughout the six months ended 30 June 2017 and as at the date of this announcement.

PUBLICATION OF THE INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The financial and other data as required by Paragraph 46 set out in Appendix 16 to the Listing Rules will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinopec.com.hk). The interim report will be despatched to the shareholders and made available on the same websites in due course.

By order of the Board
Sinopec Kantons Holdings Limited
Chen Bo
Chairman

Hong Kong, 25 August 2017

As at the date of this announcement, the Board 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*