中国石化
SINOPEC

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 2020

The board of directors (the "**Directors**") (the "**Board**") 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 2020 (the "**Year**" or the "**Reporting Period**") together with the comparative figures for the previous financial year. The financial information in this announcement (including the comparative information for the same period of 2019) is extracted from the 2020 financial statements[Note], which have been audited by PricewaterhouseCoopers and reviewed by the audit committee of the Company (the "**Audit Committee**").

Note: On 30 September 2020, the Group completed the disposal of 100% equity interests and relevant assets of Sinopec Yu Ji Pipeline Company Limited ("**Yu Ji Pipeline Company**") and the natural gas pipeline transmission business was duly terminated. In accordance with the Hong Kong Financial Reporting Standards, the Group's natural gas pipeline transmission business will be presented as a discontinued operation, while the Group's continuing operations will no longer include the natural gas pipeline transmission business. The comparative financial statements of this announcement have been restated to reflect the impact of the disposal of equity interests of Yu Ji Pipeline Company and relevant assets.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

	Note	2020 HK$'000	2019 HK$'000 (Restated)
Continuing operations			
Revenue	3, 4	**601,239**	595,577
Cost of providing services	6	**(331,147)**	(323,151)
Gross profit		**270,092**	272,426
Other income and other gains, net	5	**237,509**	71,581
Distribution costs		**(21,335)**	(13,816)
Administrative expenses	6	**(160,364)**	(147,619)
Operating profit		**325,902**	182,572
Finance income		**9,990**	367
Finance costs		**(5,342)**	(31,397)
Finance income/(costs), net		**4,648**	(31,030)
Share of results of:			
– Joint ventures		**886,738**	891,211
– Associates		**169,936**	185,402
		1,056,674	1,076,613
Profit before income tax		**1,387,224**	1,228,155
Income tax expenses	7	**(120,656)**	(142,913)
Profit for the year from continuing operations		**1,266,568**	1,085,242
Discontinued operation			
Profit for the year from discontinued operation	10(a)	**1,034,802**	199,162
Net profit for the year		**2,301,370**	1,284,404

	Note	2020	2019
		HK$'000	*HK$'000*
			(Restated)
Profit attributable to:			
Equity holders of the Company		**2,302,098**	1,285,111
Non-controlling interests		**(728)**	(707)
		2,301,370	1,284,404
Profit attributable to equity holders of the Company arising from:			
Continuing operations		**1,267,296**	1,085,949
Discontinued operation	*10(a)*	**1,034,802**	199,162
		2,302,098	1,285,111
Basic and diluted earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share) arising from:			
Continuing operations	*8*	**50.97**	43.68
Discontinued operation	*8*	**41.62**	8.01

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020 *HK$'000*	2019 *HK$'000* (Restated)
Profit for the year	**2,302,098**	1,285,111
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on currency translation		
– Subsidiaries	**60,718**	(48,038)
– Joint ventures	**410,182**	(139,154)
– Associates	**54,820**	(20,243)
	525,720	(207,435)
Cash flow hedges		
– Joint ventures	**(35,105)**	(52,472)
– An associate	**–**	(1,229)
	(35,105)	(53,701)
Exchange differences on currency translation of discontinued operation	**90,184**	(59,681)
Release of exchange reserve upon disposal of discontinued operation	**115,292**	–
	205,476	(59,681)
Other comprehensive income/(loss) for the year, net of tax	**696,091**	(320,817)
Total comprehensive income for the year	**2,998,189**	964,294
Total comprehensive income for the year attributable to:		
Equity holders of the Company	**2,998,189**	964,294
Non-controlling interests	**(728)**	(707)
	2,997,461	963,587
Total comprehensive income for the year attributable to equity holders of the Company arises from:		
Continuing operations	**1,757,911**	824,813
Discontinued operation	**1,240,278**	139,481
	2,998,189	964,294

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,570,308**	5,762,627
Right-of-use assets		**610,916**	647,345
Investment properties		**19,813**	53,606
Prepayment		**16,962**	31,097
Interests in joint ventures		**7,558,826**	6,813,973
Interests in associates		**1,041,395**	954,994
Total non-current assets		**10,818,220**	14,263,642
Current assets			
Inventories		**4,357**	72,246
Trade and other receivables	*9*	**1,410,882**	1,137,385
Cash and cash equivalents		**3,781,081**	223,484
Total current assets		**5,196,320**	1,433,115
Total assets		**16,014,540**	15,696,757
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**248,616**	248,616
Reserves		**14,431,453**	11,930,496
Equity attributable to equity holders of the Company		**14,680,069**	12,179,112
Non-controlling interests		**35,022**	35,750
Total equity		**14,715,091**	12,214,862

	Note	2020 HK$'000	2019 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**164,349**	146,724
Government grants		**15,774**	18,399
Lease liabilities		**21,943**	11,709
Total non-current liabilities		**202,066**	176,832
Current liabilities			
Trade and other payables	*12*	**994,899**	762,557
Borrowings		**–**	2,518,494
Income tax payable		**96,007**	17,089
Lease liabilities		**6,477**	6,923
Total current liabilities		**1,097,383**	3,305,063
Total liabilities		**1,299,449**	3,481,895
Total equity and liabilities		**16,014,540**	15,696,757

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. The discontinued operation of the Group was engaged in the provision of natural gas pipeline transmission services. The joint ventures and associates 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.

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 23 March 2021.

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**") and disclosure requirements under the Hong Kong Companies Ordinance Cap. 622. 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 judgement in the process of applying the Group's accounting policies.

2.1 New standards, amendments and interpretations

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

Amendments to HKFRS 3	Definition of a business
Amendments to HKAS 1 and HKAS 8	Definition of material
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The above new standards, amendments, improvements and interpretation effective for the financial year beginning 1 January 2020 do not have a material impact on the Group.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments	1 January 2022
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018-2020 Cycle	1 January 2022
Accounting Guideline 5 (Revised)	Merger accounting for common control combinations	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
HK Interpretation 5 (2020)	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be announced

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 Group's chief operating decision-maker for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments under continuing operations, namely, rendering of crude oil jetty and storage services and rendering of vessel chartering and logistics services. All operating segments which fulfill the aggregation criteria under HKFRS 8 Operating segments have been identified by the Group's chief operating decision-maker and 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 transportation. Currently, the Group's activities are mainly carried out in the PRC, Australia and Papua New Guinea.

On 21 July 2020, the Board of Directors of the Group approved the sale of the natural gas pipeline transmission services segment pursuant to the share sales and purchase agreement. The strategic divestment was completed on 30 September 2020. The natural gas pipeline transmission services segment is classified as a discontinued operation and its net results for the period and the comparatives are presented separately as one-line item below net profit of the continuing operations. Further details of financial information of the discontinued operation are set out in Note 10.

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 receivables from joint ventures, properties in Hong Kong classified as right-of-use assets and prepaid land lease payments in Indonesia, unallocated trade and other receivables and property, plant and equipment. Segment liabilities exclude unallocated trade and other payables, lease liabilities, borrowings and deferred income tax liabilities. The Group's chief operating decision-maker has determined to present segment assets, liabilities and results of joint ventures and associates under respective segments.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those continuing operations and the expenses incurred by those continuing operations or which otherwise arise from the depreciation of assets attributable to those continuing operations.

The measure used for reporting segment profit under continuing operations is "segment results". Segment results include the operating profit generated by continuing operations and finance costs directly attributable to continuing operations. Items that are not specifically attributed to individual segments, such as unallocated other income, unallocated other finance income, unallocated depreciation 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 capital expenditures used by the segments.

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 follows:

(a) Segment results, assets and liabilities

(i) As at and for the year ended 31 December 2020

Year ended 31 December 2020

	Crude oil jetty and storage services *HK$'000*	Vessel chartering and logistics services *HK$'000*	Total *HK$'000*
Continuing operations			
Segment revenue			
– Recognised at a point in time	**474,920**	**–**	**474,920**
– Recognised over time	**126,319**	**–**	**126,319**
	601,239	**–**	**601,239**
Inter-segment revenue	**–**	**–**	**–**
Revenue from external customers	**601,239**	**–**	**601,239**
Segment results			
– Subsidiary	**231,759**	**–**	**231,759**
– Joint ventures	**796,094**	**90,644**	**886,738**
– Associates	**169,936**	**–**	**169,936**
	1,197,789	**90,644**	**1,288,433**
Unallocated other corporate net income			**98,791**
Profit before income tax			**1,387,224**
Income tax expenses			**(120,656)**
Net profit for the year from continuing operations			**1,266,568**
Discontinued operation			
Net profit for the year from discontinued operation			**1,034,802**
Profit for the year			**2,301,370**

	Crude oil jetty and storage services *HK$'000*	Vessel chartering and logistics services *HK$'000*	Total *HK$'000*
Other segment items			
Continuing operations			
Bank interest income	**421**	**–**	**421**
Depreciation			
– Property, plant and equipment	**(121,365)**	**–**	**(121,365)**
– Right-of-use assets	**(1,447)**	**–**	**(1,447)**
Capital expenditures	**(189,372)**	**–**	**(189,372)**
Discontinued operation			
Bank interest income			**981**
Depreciation			
– Property, plant and equipment			**(189,540)**
– Investment properties			**(1,198)**
– Right-of-use assets			**(408)**
Capital expenditures			**(33,757)**

As at 31 December 2020

	Crude oil jetty and storage services *HK$'000*	Vessel chartering and logistics services *HK$'000*	Total *HK$'000*
Segment assets			
– Subsidiary	**2,189,185**	**–**	**2,189,185**
– Joint ventures	**6,812,182**	**746,644**	**7,558,826**
– Associates	**977,299**	**64,096**	**1,041,395**
	9,978,666	**810,740**	**10,789,406**
Unallocated assets			
– Cash and cash equivalents			**3,781,081**
– Trade and other receivables			**757,119**
– Investment properties			**19,813**
– Right-of-use assets			
• properties in Hong Kong			**15,164**
• prepaid land lease payments in Indonesia			**566,896**
– Property, plant and equipment			**85,061**
			5,225,134
Total assets			**16,014,540**
Segment liabilities	**175,855**	**–**	**175,855**
Unallocated liabilities			
– Trade and other payables			**943,828**
– Lease liabilities			**15,417**
– Deferred income tax liabilities			**164,349**
			1,123,594
Total liabilities			**1,299,449**

(ii) As at and for the year ended 31 December 2019

Year ended 31 December 2019

	Crude oil jetty and storage services *HK$'000*	Vessel chartering and logistics services *HK$'000*	Total *HK$'000* (Restated)
Continuing operations			
Segment revenue			
– Recognised at a point in time	479,058	–	479,058
– Recognised over time	116,519	–	116,519
	595,577	–	595,577
Inter-segment revenue	–	–	–
Revenue from external customers	595,577	–	595,577
Segment results			
– Subsidiary	253,110	–	253,110
– Joint ventures	806,678	84,533	891,211
– Associates	181,257	4,145	185,402
	1,241,045	88,678	1,329,723
Unallocated other corporate expenses			(101,568)
Profit before income tax			1,228,155
Income tax expenses			(142,913)
Net profit for the year from continuing operations			1,085,242
Discontinued operation			
Net profit for the year from discontinued operation			199,162
Profit for the year			1,284,404

	Crude oil jetty and storage services HK$'000	Vessel chartering and logistics services HK$'000	Total HK$'000 (Restated)
Other segment items			
Continuing operations			
Bank interest income	337	–	337
Depreciation			
– Property, plant and equipment	(125,746)	–	(125,746)
– Right-of-use assets	(3,837)	–	(3,837)
Capital expenditures	(47,360)	–	(47,360)
Discontinued operation			
Bank interest income			2,268
Depreciation			
– Property, plant and equipment			(262,155)
– Investment properties			(1,643)
– Right-of-use assets			(629)
Capital expenditures			(21,143)

As at 31 December 2019

	Crude oil jetty and storage services *HK$'000*	Vessel chartering and logistics services *HK$'000*	Total *HK$'000*
Segment assets			
– Subsidiary	1,969,974	–	1,969,974
– Joint ventures	6,035,441	778,532	6,813,973
– Associates	888,355	66,639	954,994
	8,893,770	845,171	9,738,941
Assets of discontinued operation			4,545,362
Unallocated assets			
– Cash and cash equivalents			223,484
– Trade and other receivables			15,668
– Investment properties			43,329
– Right-of-use assets			
• properties in Hong Kong			5,081
• prepaid land lease payments in Indonesia			582,707
– Dividend receivable from joint ventures			446,540
– Property, plant and equipment			95,645
			1,412,454
Total assets			15,696,757
Segment liabilities	79,802	–	79,802
Liabilities of discontinued operation			1,963,260
Unallocated liabilities			
– Trade and other payables			576,836
– Borrowings			710,088
– Lease liabilities			5,185
– Deferred income tax liabilities			146,724
			1,438,833
Total liabilities			3,481,895

(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

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
The People's Republic of China (the "**PRC**")	**601,239**	595,577
Discontinued operation		
The PRC	**594,756**	851,801
Total revenue	**1,195,995**	1,447,378

Capital expenditures

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
The PRC	**189,372**	47,360
Hong Kong	**227**	–
Discontinued operation		
The PRC	**33,757**	21,143
Total capital expenditures	**223,356**	68,503

Non-current assets

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
The PRC	**7,325,362**	6,458,766
Europe	**1,471,174**	1,332,031
Indonesia	**652,656**	668,846
Hong Kong	**845,380**	872,430
United Arab Emirates	**523,009**	523,727
Other regions	**639**	688
	10,818,220	9,856,488
Discontinued operation		
The PRC	**–**	4,407,154
Total non-current assets	**10,818,220**	14,263,642

Total assets

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
The PRC	**8,020,030**	7,065,013
Hong Kong	**5,243,132**	1,328,796
Europe	**1,471,174**	1,332,031
Indonesia	**756,556**	774,073
United Arab Emirates	**523,009**	523,727
Other regions	**639**	688
	16,014,540	11,024,328
Discontinued operation		
The PRC	**–**	4,672,429
Total assets	**16,014,540**	15,696,757

(c) Major customers

Continuing operations

For the purpose of disclosure under segment reporting, several customers (including China Petroleum & Chemical Corporation Guangzhou Branch and Sinopec Fuel Oil Sales Corporation Limited) from crude oil jetty services have transactions that exceeded 93% (2019: 94%) of the Group's revenue from continuing operations, amounted to approximately HK$561,163,000 (2019: HK$558,059,000). These customers mainly operate in the PRC.

Discontinued operation

For the purpose of disclosure under segment reporting, one customer (Sinopec Natural Gas Branch Company) from natural gas pipeline transmission services has transactions that exceeded 98% (2019: 92%) of the Group's revenue from discontinued operation, amounted to approximately HK$583,272,000 (2019: HK$785,548,000) for the 9 months ended 30 September 2020. This customer mainly operates in the PRC.

4 Revenue from continuing operations

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Provision of services:		
– Crude oil jetty and storage services	**601,239**	595,577

5 Other income and other gains, net, from continuing operations

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Other income:		
– Rental income from investment properties	**1,713**	1,679
– Government grants:		
– Value-added tax refund	**6,263**	23,276
– Amortisation of deferred government grant	**1,220**	1,232
– Employment Support Scheme in Hong Kong	**1,321**	–
– Interest income from loans to:		
– Joint ventures	**57,800**	52,477
– An associate	**3,303**	3,540
– Management fee income from a joint venture	**3,418**	3,396
	75,038	85,600
Other gains/(losses):		
– Net foreign exchange gain/(loss)	**143,747**	(15,304)
– Net loss on disposal of property, plant and equipment	**(340)**	(420)
– Net gain on disposal of investment property	**16,474**	–
– Others	**2,590**	1,705
	162,471	(14,019)
	237,509	71,581

6 Expenses by nature from continuing operations

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Depreciation		
– property, plant and equipment	**121,549**	126,442
– investment properties	**1,298**	1,350
– right-of-use assets	**24,028**	24,151
Employee benefit expenses, including directors' remuneration	**131,704**	105,750
Auditor's remuneration		
– the Company	**2,100**	2,240
– subsidiaries	**3,464**	3,468
– under/(over)-provisions of prior years	**80**	(459)
– non-audit services	**1,031**	–
Expenses relating to short-term leases		
– hire of a property	**1,775**	1,363

7 Income tax expenses

	Note	**2020** ***HK$'000***	2019 *HK$'000* (Restated)
Continuing operations			
Current income tax:			
– Hong Kong profits tax	*(b)*	**5,947**	4,230
– PRC corporate income tax	*(c)*	**51,737**	62,771
		57,684	67,001
Deferred income tax charged	*(d)*	**62,972**	75,912
		120,656	142,913

(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% (2019: 16.5%) on the estimated assessable profit for the year.

(c) The provision for PRC corporate income tax is based on statutory income tax rate of 25% of the assessable income of the subsidiaries of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC (2019: 25%).

(d) Dividend distribution 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% (2019: 5%).

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

	2020	2019
	HK$'000	*HK$'000*
		(Restated)
Profit before income tax	**1,387,224**	1,228,155
Less: Share of results of joint ventures	**(886,738)**	(891,211)
Share of results of associates	**(169,936)**	(185,402)
	330,550	151,542
Tax calculated at domestic tax rates applicable to profits in the respective tax jurisdictions	**76,643**	48,851
Income not subject to tax	**(28,469)**	(5,535)
Expenses not deductible for tax purposes	**9,604**	17,033
Deferred income tax on undistributed profits	**56,335**	75,177
Under-provision in prior years	**2,169**	492
Tax losses not recognised	**4,374**	6,895
Income tax expenses	**120,656**	142,913

8 Earnings per share

	2020	2019
		(Restated)
Profit attributable to equity holders of the Company from continuing operations (HK$'000)	**1,267,296**	1,085,949
Profit attributable to equity holders of the Company from discontinued operation (HK$'000)	**1,034,802**	199,162
Weighted average number of ordinary shares in issue (shares '000)	**2,486,160**	2,486,160
Basic earnings from continuing operations per share (HK cents per share)	**50.97**	43.68
Basic earnings from discontinued operation per share (HK cents per share)	**41.62**	8.01

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

	2020	2019
	HK$'000	*HK$'000*
Trade receivables		
– Related parties	**634,503**	627,489
– Others	**2,517**	3,064
	637,020	630,553
Other receivables		
– Consideration receivables from the Purchaser of Yu Ji Pipeline Company	**732,213**	–
– Dividend receivables from a joint venture	**–**	446,540
– Others	**41,649**	60,292
	773,862	506,832
	1,410,882	1,137,385

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

The consideration receivable from the Purchaser of Yu Ji Pipeline Company was settled on 21 January 2021.

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

	2020	2019
	HK$'000	*HK$'000*
Within 1 month	**53,053**	111,691
1 to 2 months	**62,546**	38,513
2 to 3 months	**48,461**	29,972
3 to 12 months	**414,474**	450,377
Over 12 months	**58,486**	–
	637,020	630,553

10 Discontinued operation

On 30 September 2020, the Group disposed of its 100% equity interest in Yu Ji Pipeline Company to China Oil & Gas Pipeline Network Corporation ("**PipeChina**"). This subsidiary is reported in the current year as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(a) Financial performance and cash flow information

	For the nine months ended 30 September 2020 *HK$'000*	For the year ended 31 December 2019 *HK$'000*
Revenue	**594,756**	851,801
Cost of providing services	**(315,633)**	(476,502)
Gross profit	**279,123**	375,299
Other income and other gains, net	**53,796**	41,451
Administrative expenses	**(68,771)**	(65,951)
Operating profit	**264,148**	350,799
Finance income	**981**	2,269
Finance costs	**(52,468)**	(87,473)
Finance costs, net	**(51,487)**	(85,204)
Profit before income tax	**212,661**	265,595
Income tax expenses	**(54,898)**	(66,433)
Profit after income tax of discontinued operation	**157,763**	199,162
Gain on disposal of the discontinued operation, net of tax	**877,039**	–
Profit from discontinued operation	**1,034,802**	199,162
Net cash inflow from operating activities	**555,776**	435,384
Net cash outflow from investing activities	**(16,688)**	(15,978)
Net cash outflow from financing activities	**(499,162)**	(510,745)
Net increase/(decrease) in cash generated by the discontinued operation	**39,926**	(91,339)

Analysis of net cash flow in respect of the disposal of discontinued operation is as follows:

	2020
	HK$'000
Cash consideration received	**3,166,792**
Cash and cash balances disposed of	**(137,894)**
Total cash inflow from disposal	**3,028,898**

(b) Details of the disposal of discontinued operation

	2020
	HK$'000
Cash consideration received or receivable	**3,999,388**
Carrying amount of net assets sold	**(2,900,153)**
Gain on disposal of discontinued operation before income tax and reclassification of foreign currency translation reserve	**1,099,235**
Reclassification of foreign currency translation reserve	**(115,292)**
Income tax expense	**(106,904)**
Gain on disposal of discontinued operation after income tax	**877,039**

Due to the disposal of discontinued operation, withholding income tax has been provided at a tax rate of 10% based on the excess of the consideration of the disposal of discontinued operation over the consideration paid when the Group acquired Yu Ji Pipeline Company in 2015.

The carrying amounts of assets and liabilities in relation to the discontinued operation as at 30 September 2020, the date of disposal, were:

	2020
	HK$'000
Non-current assets	
Property, plant and equipment	**4,173,987**
Right-of-use assets	**85**
Deferred tax assets	**703**
	4,174,775
Current assets	
Inventories	**65,179**
Trade and other receivables	**93,894**
Cash and cash equivalents	**137,894**
	296,967
Total assets	**4,471,742**

	2020
	HK$'000
Non-current liabilities	
Borrowings	**1,399,795**
Deferred revenue	**37,233**
	1,437,028
Current liabilities	
Trade and other payables	**78,521**
Borrowings	**86**
Income tax payables	**55,954**
	134,561
Total liabilities	**1,571,589**

11 Dividends

	2020	2019
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK$8 cents (2019: HK$8 cents) per ordinary share	**198,893**	198,893
Final dividend proposed of HK$12 cents (2019: HK$12 cents) per ordinary share	**298,339**	298,339
	497,232	497,232

A final dividend in respect of the year ended 31 December 2020 of HK$12 cents per share, amounting to a total dividend of HK$298,339,000 is to be proposed at the annual general meeting on 15 June 2021. These consolidated financial statements do not reflect this dividend payable.

12 Trade and other payables

	2020	2019
	HK$'000	*HK$'000*
Trade payables		
– Related parties	**930**	83,403
– Others	**93,745**	51,540
	94,675	134,943
Other payables		
– Amounts due to immediate, intermediate holding companies and related parties	**800,046**	541,982
– Accrued charges	**100,178**	85,632
	900,224	627,614
	994,899	762,557

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

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

	2020	2019
	HK$'000	*HK$'000*
Current to 30 days	**89,762**	116,970
31 to 60 days	**4,913**	17,973
	94,675	134,943

13 Commitments

(a) As at 31 December 2020, the outstanding capital commitments not provided for in the financial statements were as follows:

	2020	2019
	HK$'000	*HK$'000*
Contracted for but not provided for	**82,240**	253,601

(b) As at 31 December 2020, the total future minimum lease payments under non-cancellable operating leases were receivable as follows:

	2020	2019
	HK$'000	*HK$'000*
Within 1 year	**245**	1,467

FINAL DIVIDEND

The Board recommended a dividend of HK20 cents per share payable in cash for the whole year of 2020 (2019: HK20 cents per share), excluding the interim dividend of HK8 cents per share in cash for 2020 (2019: HK8 cents per share) paid on 20 October 2020, the final dividend of HK12 cents per share in cash for 2020 (2019: HK12 cents per share) will be paid to all shareholders whose names appear on the register of members of the Company on 9 July 2021 (Friday).

CLOSURE OF REGISTER OF MEMBERS

(i) For determining the entitlement to attend and vote at the 2020 annual general meeting

The Company will convene the 2020 annual general meeting on 15 June 2021 (Tuesday), and the register of members of the Company will be closed from 9 June 2021 (Wednesday) to 15 June 2021 (Tuesday) (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending the 2020 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on 8 June 2021 (Tuesday).

(ii) For determining the entitlement to the proposed final dividend

The register of members of the Company will be closed from 5 July 2021 (Monday) to 9 July 2021 (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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on 2 July 2021 (Friday). The cheques for dividend payment will be sent to shareholders on or about 20 July 2021 (Tuesday) if the resolution for the proposed final dividend is passed at the annual general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and outlook

In 2020, the rapid spread of the COVID-19 pandemic devastated the global economy and international trade. To cope with the strong headwinds brought by the epidemic and the complex and volatile domestic and international situations, the Group introduced differentiated epidemic prevention and control measures according to different characteristics of its terminal and storage and logistics business and strived to implement the measures on a daily basis. The Group recognised the favourable opportunity to resume work and production in light of the PRC's gradual control of the epidemic. The Group continued to be customer-centric and adopted corresponding assistance and preferential measures to address the different levels of impact experienced by the customers during the epidemic in order to increase its total terminal unloading volume during this time, together with active implementation of various cost reduction and efficiency enhancement measures, the Group has worked to minimize the pandemic's impact. In 2020, the Group's total revenue from continuing operations increased by approximately 0.95% year-on-year to approximately HK$601 million. Benefiting from the gain from the completion of disposal of 100% equity interests and relevant assets of Yu Ji Pipeline Company and the appreciation of RMB during the year, the Group's consolidated net profit for the year grew by approximately 79.18% year-on-year to approximately HK$2,301 million, translating into an earnings per share of approximately HK92.59 cents. If excluding the profit contribution from the discontinued operation, the Group's profit for the year from continuing operations increased by approximately 16.71% year-on-year to approximately HK$1,267 million, translating into an earnings per share from continuing operations of approximately HK50.97 cents. In view of the Company's needs for future business development and overall cash flow position, the Board has recommended payment of an annual cash dividend of HK20 cents per share for 2020. Excluding the interim cash dividend of HK8 cents per share paid, a final cash dividend of HK12 cents per share for 2020 is recommended, which stays the same as last year.

In 2020, Huizhou Daya Bay Huade Petrochemical Company Ltd. ("**Huade Petrochemical**"), a wholly-owned subsidiary of the Company, on one hand, actively initiated epidemic prevention and control measures aimed at maintaining stable production and operations. On the other hand, Huade Petrochemical was actively engaged in the construction of terminal infrastructure, the upgrading and transformation of related equipment, in which the relocation and capacity expansion of the underwater crude oil pipeline from Mabianzhou Island to Nanbianzao in Huizhou commenced during the year. Two newly built 5,000-tonne fuel oil jetties were also delivered at the end of 2020, creating a solid foundation for future expansion of operation scale. During the year, Huade Petrochemical unloaded approximately 12.22 million tonnes of crude oil from 76 oil tankers and transmitted approximately 12.09 million tonnes of crude oil, representing a year-on-year increase of approximately 2.78% and 2.03%, respectively. This segment generated revenue of approximately HK$601 million, representing a year-on-year increase of approximately 0.95%. The segment results from Huade Petrochemical were approximately HK$232 million during the year. The receipt of one-off government tax rebates accrued in previous years by Huade Petrochemical has resulted in a relatively higher base figure, which led to a year-on-year decrease of approximately 8.44% in the segment results from Huade Petrochemical during the year.

In 2020, after a comprehensive and prudent assessment of results from each business segment, the Board decided to dispose of the Group's natural gas pipeline transmission business in order to continue to optimize asset allocation, continuously increase each business segment's return on assets, and maximize shareholder interests. The Group's natural gas pipeline transmission business was duly terminated following the official completion of the disposal of the entire equity interests of Yu Ji Pipeline Company and relevant assets on 30 September 2020. The Company will continue to use the proceeds from the disposal to develop its oil terminal and storage services and other core business. In 2020, prior to full termination of the aforementioned business, the Group had operated the natural gas pipeline transmission business for a period of nine months. During this period, due to the impact of the pandemic, insufficient supply from the upstream natural gas fields and weak demand from downstream customers, the natural gas pipeline transmission volume of Yu Ji Pipeline Company amounted to approximately 2.917 billion m^3, representing a year-on-year decrease of approximately 1.22%. The revenue from discontinued operation amounted to approximately HK$595 million, representing a decline of approximately 30.18% compared with the full year of 2019. Since the consideration for disposing the equity interests of Yu Ji Pipeline Company and relevant assets was higher than its book value of net assets, the profit from discontinued operation during the year increased by approximately 419.58% year-on-year to approximately HK$1.035 billion.

In 2020, as affected by the outbreak of the COVID-19 epidemic, downstream customers of the Company's crude oil jetty associate and joint ventures once experienced a significant drop in the load on the refining equipment. Since then, the full resumption of work and production at refineries in mainland China coupled with international crude oil prices hovering at low levels has prompted various refineries to increase their crude oil imports. Various crude oil jetty associate and joint ventures of the Company seized on this favourable opportunity; on one hand striving to improve service quality while extending the port service chain and developing a full-process service, while on the other hand, providing preferential measures to help downstream customers resume production and increase the terminal business volume. This led to another record of high terminal throughput. In 2020, 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**") reached approximately 255 million tonnes, representing a year-on-year growth of approximately 0.79%. Due to the preferential measures adopted by certain crude oil jetty associate and joint ventures to help downstream customers resume work and production, and the port charges and security rates reduction by national authorities in response to the pandemic, coupled with the receipt of one-off income tax rebates accrued in previous years by the Company's jetty associate in the same period last year, caused the aggregate investment return of the Six Domestic Terminal Companies to drop by a certain extent year-on-year. In 2020, the Six Domestic Terminal Companies generated an aggregate investment return of approximately HK$863 million, representing a year-on-year decrease of approximately 10.66%.

In 2020, Fujairah Oil Terminal FZC ("**FOT**"), a joint venture of the Company in the Middle East, placed great emphasis on effective epidemic prevention and control to ensure stable production and operation while taking full advantage of expected favourable changes in international oil product prices. Marketing efforts contributed to a leap in average rentals of oil tanks, with the annual average occupancy of oil tanks maintained at 100% while the throughput of ports and economic benefits achieved another record high. Also, FOT is actively committed to the development of an international standard management system. After achieving ISO 9001, ISO 14001, OHSAS 18001 and ISO 45001 certifications, FOT took the lead to receive ISO 50001 certification in the Fujairah region during the year. FOT generated an investment return of approximately HK$81.63 million during the year, representing a year-on-year increase of approximately 267.70%. In 2020, Vesta Terminals B.V. ("**Vesta**"), a joint venture of the Company in Europe, also undertook effective epidemic prevention and control while simultaneously expanding its market. The occupancy of oil tanks and average rentals were further improved, with the former reaching 100% at the end of the year. Tracking changes in surrounding markets, Vesta proactively explored the development of the non-oil product storage business and clean fuels storage projects to achieve economies of scale. Vesta generated an investment return of approximately HK$21.82 million during the year, representing a significant improvement in the results performance.

In 2020, the Group adopted a series of stringent measures to address the challenge of preventing and controlling COVID-19 in the confined spaces common to the liquefied natural gas ("**LNG**") vessel transportation business. At the same time, the Group kept a close attention to the vessel movements, through reasonable adjustments to crew working hours and berthing cycles which ensured the vessels' continued smooth operation and physical and mental health of the crews. During the year, the eight LNG vessels completed 109 voyages and generated an aggregate investment return of approximately HK$90.64 million, representing a year-on-year increase of approximately 2.22%.

The year 2020 was the fourth year of arbitrations for the joint investment project in respect of the Group's construction of 2.60 million m^3 oil storage and terminal facilities in Batam Island, Indonesia (the "**Batam Project**"). Following the receipt of awards in our favour from the International Court of Arbitration of the International Chamber of Commerce ("**ICC Court**") on 4 December 2019, after serious preparation and active promotion, in 2020, Sinomart KTS Development Limited ("**Sinomart Development**") and PT. West Point Terminal ("**PT. West Point**"), subsidiaries of the Company, completed the registration of arbitral awards in the Indonesian Court in accordance with the laws of Indonesia, and obtained enforcement orders from the Indonesian Court in respect of the arbitrations. The Group will continue to take measures to effectively protect the legitimate rights and interests of the Company and its shareholders.

Looking forward to 2021, it is expected that the COVID-19 pandemic will continue to pose a major challenge to the global economy. Many areas of uncertainty still exist. The Group will review the situation and adopt flexible, effective countermeasures as needed. On the basis of protecting the physical and mental health of all employees, the Group will strive to maintain stable production and operation so as to attend to both smooth operation and epidemic prevention. At the same time, the Group will continue to seek strong support from its parent company, China Petrochemical Corporation ("**Sinopec Group Company**"), to further expand its core business and build the Company into a world-class international petrochemical storage and logistics company as soon as possible.

SEGMENTAL INFORMATION

In 2020, the Group disposed of 100% equity interests of Yu Ji Pipeline Company and duly terminated the natural gas pipeline transmission business. The Group currently retains only two business segments, namely the crude oil jetty and storage business and vessel chartering and logistics business.

For the year ended 31 December 2020, the segment revenue and segment results of the Group's crude oil jetty and storage business were approximately HK$601,239,000 (2019: HK$595,577,000) and HK$1,197,789,000 (2019: HK$1,241,045,000) respectively, representing an increase of approximately 0.95% and a decrease of approximately 3.49% as compared with the same period last year respectively. For the year ended 31 December 2020, the segment results of the Group's vessel chartering and logistics business were approximately HK$90,644,000 (2019: HK$88,678,000), representing a year-on-year increase of approximately 2.22%. The crude oil jetty and storage business and vessel chartering and logistics business of the Group were affected to a certain extent by the pandemic. However, with the gradual control of the domestic pandemic in the PRC and the active promotion of resumption of work and production, the two business segments of the Group still operated stably throughout the year.

OTHER INCOME AND OTHER GAINS, NET AND OPERATING PROFIT

For the year ended 31 December 2020, the Group's other income and other gains, net was approximately HK$237,509,000 (2019: HK$71,581,000), representing a year-on-year increase of approximately 231.80%; the operating profit was approximately HK$325,902,000 (2019: HK$182,572,000), representing a year-on-year increase of approximately 78.51%. The significant increase in other income and other gains, net and operating profit was both mainly due to the appreciation in RMB against HKD during the year, which led to a corresponding exchange gain generated from the Group's RMB savings. In addition, a minor part of the increase was attributable to the gain generated from the Group's disposal of a Hong Kong property during the Year.

DISTRIBUTION COSTS

For the year ended 31 December 2020, the Group's distribution costs were approximately HK$21,335,000 (2019: HK$13,816,000), representing a year-on-year increase of approximately 54.42%, which was mainly due to the payment and withholding of personal income tax for the remuneration received by the employees who are tax residents working outside the PRC by the Company according to relevant PRC taxation laws.

FINANCE INCOME

For the year ended 31 December 2020, the Group's finance income was approximately HK$9,990,000 (2019: HK$367,000), representing a year-on-year increase of approximately 2,622.07%, which was mainly due to the interest income generated from the proceeds which was placed as fixed deposits upon the completion of Group's disposal of equity interests of Yu Ji Pipeline Company and relevant assets.

FINANCE COSTS

For the year ended 31 December 2020, the Group's finance costs were approximately HK$5,342,000 (2019: HK$31,397,000), representing a year-on-year decrease of approximately 82.99%, which was mainly because most of the Group's borrowings were included in and disposed along with the equity interests of Yu Ji Pipeline Company, and part of the proceeds from the disposal were used to repay borrowings. All borrowings were repaid in October 2020, which led to the significant decrease in interest expenses.

INCOME TAX EXPENSES

For the year ended 31 December 2020, the Group's income tax expenses were approximately HK$120,656,000 (2019: HK$142,913,000), representing a year-on-year decrease of approximately 15.57%. On one hand, it was mainly due to the excessive provision for dividend income tax in previous years being offset correspondingly upon the completion of disposal of Yu Ji Pipeline Company; on the other hand, it was due to the decrease in taxable profits of Huade Petrochemical.

PROFIT BEFORE INCOME TAX, PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

For the year ended 31 December 2020, the Group's profit before income tax was approximately HK$1,387,224,000 (2019: HK$1,228,155,000), representing a year-on-year increase of approximately 12.95%; the profit for the Year from continuing operations was approximately HK$1,266,568,000 (2019: HK$1,085,242,000), representing a year-on-year increase of approximately 16.71%. The significant increase in the profit before income tax and profit for the Year from continuing operations was mainly due to the corresponding exchange gains generated from RMB savings following the RMB appreciation against HK$ in the second half of 2020. In addition, a minor part of the increase was attributable to the gain generated from the Group's disposal of a Hong Kong property during the Year.

PROFIT FOR THE YEAR FROM DISCONTINUED OPERATION

For the year ended 31 December 2020, the profit for the Year from discontinued operation was approximately HK$1,034,802,000 (2019: HK$199,162,000), representing a year-on-year increase of approximately 419.58%, which was mainly because the consideration for the Group's disposal of equity interests of Yu Ji Pipeline Company and relevant assets was higher than its book value of the net asset.

PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2020, the Group's property, plant and equipment was approximately HK$1,570,308,000 (as at 31 December 2019: HK$5,762,627,000), representing a decrease of approximately 72.75% as compared with the end of previous year, which was mainly due to the Group's disposal of equity interests of Yu Ji Pipeline Company and relevant assets during the Year in addition to usual depreciation.

INVESTMENT PROPERTIES

As at 31 December 2020, the Group's investment properties were approximately HK$19,813,000 (as at 31 December 2019: HK$53,606,000), representing a decrease of approximately 63.04% as compared with the end of previous year. On one hand, it was because certain properties were included in the disposal of equity interests of Yu Ji Pipeline Company and relevant assets during the Year; on the other hand, it was due to the disposal of a Hong Kong property by the Group during the Year.

PREPAYMENT

As at 31 December 2020, the Group's prepayment was approximately HK$16,962,000 (as at 31 December 2019: HK$31,097,000), representing a decrease of approximately 45.45% as compared with the end of previous year, which was mainly because the dredging fees of Huade Petrochemical's navigation channel was included in the long-term deferred expense assets and to be amortized on schedule.

INTERESTS IN JOINT VENTURES

As at 31 December 2020, the Group's interests in joint ventures were approximately HK$7,558,826,000 (as at 31 December 2019: HK$6,813,973,000), representing an increase of approximately 10.93% as compared with the end of previous year. On one hand, it was due to the significant increase in the operating results of joint ventures of the Company, FOT and Vesta; on the other hand, it was due to the appreciation of RMB which resulted in year-on-year increase in the equity value of domestic terminal companies (denominated in RMB) when translating into Hong Kong dollars.

INVENTORIES

As at 31 December 2020, the Group's inventories were approximately HK$4,357,000 (as at 31 December 2019: HK$72,246,000), representing a decrease of approximately 93.97% as compared with the end of previous year, which was mainly due to the Group's cushion gas for natural gas pipeline being included in and disposed along with the equity interests of Yu Ji Pipeline Company.

TRADE AND OTHER RECEIVABLES

As at 31 December 2020, the Group's trade and other receivables were approximately HK$1,410,882,000 (as at 31 December 2019: HK$1,137,385,000), representing an increase of approximately 24.05% as compared with the end of previous year, which was because part of the consideration for the disposal of equity interests of Yu Ji Pipeline Company by the Group was still classified as other receivables on 31 December 2020. On 21 January 2021, the Group received the entire consideration for the disposal of equity interests of Yu Ji Pipeline Company and relevant assets in cash.

RESERVES

As at 31 December 2020, the Group's reserves were approximately HK$14,431,453,000 (as at 31 December 2019: HK$11,930,496,000), representing an increase of approximately 20.96% as compared with the end of previous year. In addition to the Group's profit contribution from usual business during the Year, this is attributable to the gain arising from the disposal of equity interests of Yu Ji Pipeline Company and relevant assets by the Group, as well as appreciation of RMB which resulted in an increase in the equity value of domestic terminal companies (denominated in RMB) when translating into Hong Kong dollars.

LIQUIDITY AND SOURCE OF FINANCE

As at 31 December 2020, the Group's cash and cash equivalents were approximately HK$3,781,081,000 (as at 31 December 2019: HK$223,484,000), representing an increase of approximately 1,591.88% as compared with the end of previous year, which was mainly due to the receipt of proceeds after the disposal of equity interests of Yu Ji Pipeline Company and relevant assets by the Group.

CURRENT RATIO AND LIABILITIES TO ASSETS RATIO

As at 31 December 2020, the Group's current ratio (current assets to current liabilities) was approximately 4.74 (as at 31 December 2019: 0.43); and liabilities to assets ratio (total liabilities to total assets) was approximately 8.11% (as at 31 December 2019: 22.18%).

DEFERRED INCOME TAX LIABILITIES

As at 31 December 2020, the Group's deferred income tax liabilities were approximately HK$164,349,000 (as at 31 December 2019: HK$146,724,000), representing an increase of approximately 12.01% as compared with the end of previous year, which was mainly because since 1 January 2020, the dividend payout ratio of Zhan Jiang Port Terminal for calculating the dividend withholding tax has been increased from 50% to 100%, resulting in the increase of the related deferred dividend withholding tax.

GOVERNMENT GRANTS

As at 31 December 2020, the Group's government grants were approximately HK$15,774,000 (as at 31 December 2019: HK$18,399,000), representing a decrease of approximately 14.27% as compared with the end of previous year, which was mainly because the local government grants received by Huade Petrochemical, a wholly-owned subsidiary of the Company, for the commencement of safety and potential hazard management of crude oil pipeline, have been reduced on an annual basis over the amortization of the relevant assets.

LEASE LIABILITIES

As at 31 December 2020, the Group's lease liabilities were approximately HK$28,420,000 (as at 31 December 2019: HK$18,632,000), representing an increase of approximately 52.53% as compared with the end of previous year, of which approximately HK$21,943,000 (as at 31 December 2019: HK$11,709,000) was non-current lease liabilities, representing an increase of approximately 87.40% as compared with the end of previous year, and approximately HK$6,477,000 (as at 31 December 2019: HK$6,923,000) was current lease liabilities, representing a decrease of approximately 6.44% as compared with the end of previous year. It was mainly because the Group renewed the lease contracts for its office building in Hong Kong after expiry, and made corresponding financial accounting treatments in accordance with Hong Kong Financial Reporting Standards 16 during the Year.

TRADE AND OTHER PAYABLES

As at 31 December 2020, the Group's trade and other payables were approximately HK$994,899,000 (as at 31 December 2019: HK$762,557,000), representing an increase of approximately 30.47% as compared with the end of previous year, which was mainly due to the increase in the fund payable to Sinopec Kantons International Limited ("**Kantons International**"), a direct controlling shareholder of the Company.

BORROWINGS

As at 31 December 2020, the Group's borrowings were 0 (as at 31 December 2019: HK$2,518,494,000), which was mainly because most of the Group's borrowings were disposed along with the equity interests of Yu Ji Pipeline Company, and part of the proceeds from the disposal were used to repay all the then existing borrowings.

INCOME TAX PAYABLE

As at 31 December 2020, the Group's income tax payable was approximately HK$96,007,000 (as at 31 December 2019: HK$17,089,000), representing an increase of approximately 461.81% as compared with the end of previous year, which was mainly because the Group is required to pay the corresponding income tax in the PRC for the disposal of the equity interests of Yu Ji Pipeline Company and relevant assets.

SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSAL

On 21 July 2020, the Company entered into a share purchase agreement with China Oil & Gas Pipeline Network Corporation ("**PipeChina**") regarding the disposal of 100% equity interests in Yu Ji Pipeline Company through its wholly-owned subsidiary Sinomart Development. On the same day, Yu Ji Pipeline Company and China Petroleum & Chemical Corporation Natural Gas Yu Ji Pipeline Branch Company entered into another sale and purchase agreement in relation to the disposal of Qingfeng Line and other related assets. The transaction regarding the disposal of 100% equity interests in Yu Ji Pipeline Company and the disposal of Qingfeng Line and other related assets were completed on or before 30 September 2020. For details, please refer to the relevant announcements and circular published by the Company on 21 July 2020, 6 August 2020 and 30 September 2020 respectively 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).

Save as disclosed in this announcement, the Company did not have any other significant investment, acquisition and disposal for the year ended 31 December 2020.

EXCHANGE RISK

The Company is engaged in petrochemical storage, terminal and logistics businesses in the PRC, Europe and the United Arab Emirates through its respective subsidiaries, associates and joint ventures, and generates operating income in RMB, Euro and US$ respectively. In addition, the Group also held certain amount of non-HK$ current assets, which were mainly denominated in RMB. As at 31 December 2020, the Group held approximately RMB1,629,000,000 of bank deposits and held approximately RMB616,258,000 of other receivables. As the exchange rates of RMB, Euro and US$ against HK$ fluctuate, the Group faces exchange risk to a certain extent.

In addition, on 9 October 2012, the Group entered into the shareholders' agreement for the Batam Project. In accordance with the shareholders' agreement, as at 31 December 2020, Sinomart Development, the Company's wholly-owned subsidiary, committed itself to a contribution obligation with the balance of not exceeding US$144,685,000. As the exchange rates of such currencies fluctuate from time to time, there may be differences between the actual contribution amount in HK$ and the amount based on the corresponding exchange rate as at the date of the agreement.

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

ABOUT 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 the Batam Project in Indonesia via PT. West Point. Due to the minority shareholder from Indonesia, the project entered arbitration. After obtaining the awards in the Group's favour from ICC Court on 4 December 2019, in 2020, Sinomart Development and PT. West Point, subsidiaries of the Company, completed the arbitration registration in the Indonesian Court in accordance with the laws of Indonesia, and has obtained enforcement orders from the Indonesian Court in respect of the arbitrations. The Group will continue to take various effective measures to safeguard the legitimate rights and interests of the Company and shareholders in all aspects.

For details, please refer to the relevant announcements dated 25 April 2010, 9 October 2012, 15 November 2016, 21 March 2017 and 6 December 2019 published by the Company on the website of the Stock Exchange and the website of the Company.

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2020, the Group had a total of 233 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

The Company is committed to achieving a high standard of corporate governance to properly safeguard and enhance the interests of its shareholders.

On 18 June 2020, the Company convened the annual general meeting. Mr. Chen Yaohuan, Chairman of the Board was not able to come to Hong Kong to attend and preside the annual general meeting as required under Code Provision E.1.2 of the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "**Listing Rules**") due to the impact of the COVID-19 pandemic control measures. Pursuant to Bye-law 71 of the Bye-laws and according to the election by the attending Directors, Mr. Ye Zhijun, the then Managing Director, presided over the annual general meeting. In addition, Ms. Tam Wai Chu, Maria, the Chairlady of the remuneration committee of the Company (the "**Remuneration Committee**") did not attend the annual general meeting held on 18 June 2020 for the reasons of other personal affairs arrangements.

Save as disclosed above, the Company had complied with the applicable provisions of the Corporate Governance Code for the year ended 31 December 2020.

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

For the year ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there was no other significant event occurred subsequent to 31 December 2020 and up to the date of this announcement.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee comprised four independent non-executive Directors. The Audit Committee 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. It also reviews the interim and annual results of the Group prior to recommending them to the Board for approval.

REMUNERATION COMMITTEE

As at the date of this announcement, the Remuneration Committee comprised six members, of which Ms. Tam Wai Chu, Maria, an independent non-executive Director, is the chairlady.

NOMINATION COMMITTEE

As at the date of this announcement, the nomination committee of the Company (the "**Nomination Committee**") comprised six members, of which Dr. Wong Yau Kar, David, 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 set out in Appendix 10 of the Listing Rules (the "**Model Code**") 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 2020.

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

This annual results announcement is published and available for viewing on the websites of the Stock Exchange and the Company.

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

Hong Kong, 23 March 2021

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

Executive Directors:
Mr. Chen Yaohuan *(Chairman)*
Mr. Zhong Fuliang
Mr. Mo Zhenglin
Mr. Yang Yanfei
Mr. Zou Wenzhi
Mr. Ren Jiajun
Mr. Sang Jinghua *(General Manager)*

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

* *For identification purposes only*