

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 of directors (the “**Directors**”) (the “**Board**”) 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 2021 (the “**Period**”). Financial data in this announcement, together with the comparative figures for the corresponding period in 2020, were extracted from the 2021 unaudited condensed consolidated interim financial report ^{Note}, which have been reviewed by KPMG and the audit committee of the Company (the “**Audit Committee**”).

Note: On 30 September 2020, the Company completed the disposal of Sinopec Yu Ji Pipeline Company Limited (“**Yu Ji Pipeline Company**”), a then wholly-owned subsidiary of the Company, in which its business is classified as a discontinued operation. In this connection, the comparative financial information of the Group for the half year ended 30 June 2020 was restated in this announcement.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
			(Restated)
Continuing operations			
Revenue	4	330,981	295,938
Cost of providing services	5	<u>(164,732)</u>	<u>(145,473)</u>
Gross profit		166,249	150,465
Other income and other gains, net	5	24,559	39,036
Distribution costs		(9,228)	(9,103)
Administrative expenses	5	<u>(63,384)</u>	<u>(63,383)</u>
Operating profit		118,196	117,015
Finance income		18,620	409
Finance costs		(583)	(3,991)
Share of results of:			
– Joint ventures		501,035	421,518
– Associates		<u>97,354</u>	<u>79,686</u>
Profit before income tax		734,622	614,637
Income tax expenses	6	<u>(60,496)</u>	<u>(80,568)</u>
Profit for the period from continuing operations		<u>674,126</u>	<u>534,069</u>
Discontinued operation			
Profit for the period from discontinued operation		<u>–</u>	<u>75,438</u>
Net profit for the period		<u>674,126</u>	<u>609,507</u>
Profit/(loss) attributable to:			
Equity holders of the Company		674,515	609,794
Non-controlling interests		<u>(389)</u>	<u>(287)</u>
		<u>674,126</u>	<u>609,507</u>

		Six months ended 30 June	
		2021	2020
<i>Note</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
			(Restated)
Profit attributable to equity holders of the Company arising from:			
	Continuing operations	674,515	534,356
	Discontinued operation	–	75,438
		<u>674,515</u>	<u>609,794</u>
		<u>674,515</u>	<u>609,794</u>
Basic and diluted earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share)			
	Continuing operations	27.13	21.49
	Discontinued operation	–	3.04
		<u>27.13</u>	<u>24.53</u>
		<u>27.13</u>	<u>24.53</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited) (Restated)
Profit for the period	674,126	609,507
Other comprehensive income for the period:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on currency translation		
– Subsidiaries	24,554	(32,783)
– Joint ventures	11,992	(89,301)
– Associates	11,765	(18,947)
	<u>48,311</u>	<u>(141,031)</u>
Cash flow hedges		
– Joint ventures	(47,422)	(90,726)
– An associate	(4,606)	(504)
	<u>(52,028)</u>	<u>(91,230)</u>
Exchange differences on currency translation of discontinued operation	<u>–</u>	<u>(52,886)</u>
Other comprehensive income for the period, net of tax	<u>(3,717)</u>	<u>(285,147)</u>
Total comprehensive income for the period	670,409	324,360
Total comprehensive income attributable to:		
Equity holders of the Company	670,798	324,647
Non-controlling interests	(389)	(287)
	<u>670,409</u>	<u>324,360</u>
Total comprehensive income for the period attributable to equity holders of the Company arising from:		
Continuing operations	670,798	302,095
Discontinued operation	–	22,552
	<u>670,798</u>	<u>324,647</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Note</i>	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		1,508,150	1,570,308
Right-of-use assets		600,227	610,916
Investment properties		19,194	19,813
Prepayment		8,994	16,962
Interests in joint ventures		7,814,124	7,558,826
Interests in associates		1,052,237	1,041,395
Total non-current assets		11,002,926	10,818,220
Current assets			
Inventories		3,862	4,357
Trade and other receivables	9	1,053,600	1,410,882
Cash and cash equivalents		3,802,033	3,781,081
Total current assets		4,859,495	5,196,320
Total assets		15,862,421	16,014,540
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		248,616	248,616
Reserves		14,803,912	14,431,453
Equity attributable to equity holders of the Company		15,052,528	14,680,069
Non-controlling interests		34,633	35,022
Total equity		15,087,161	14,715,091

		As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		190,690	164,349
Government grants		15,302	15,774
Lease liabilities		17,671	21,943
		<u>223,663</u>	<u>202,066</u>
Total non-current liabilities			
Current liabilities			
Trade and other payables	10	509,558	994,899
Income tax payable		34,664	96,007
Lease liabilities		7,375	6,477
		<u>551,597</u>	<u>1,097,383</u>
Total current liabilities			
Total liabilities			
		<u>775,260</u>	<u>1,299,449</u>
Total equity and liabilities			
		<u><u>15,862,421</u></u>	<u><u>16,014,540</u></u>

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. The discontinued operation of the Group was engaged in the provision of 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 on 25 August 2021.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information set out in this announcement does not constitute the unaudited condensed consolidated interim financial report of the Group for the six months ended 30 June 2021 but is extracted from that financial report which has been prepared in accordance with applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance 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 report does not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with HKFRSs.

The condensed consolidated interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

On 30 September 2020, the Group completed the strategic divestment of 100% equity interest in Sinopec Yu Ji Pipeline Company Limited, which had been reported as the natural gas pipeline transmission services segment. The natural gas pipeline transmission services segment was therefore classified as a discontinued operation in the Group’s 2020 annual financial statements and its net results for the period and the comparatives are presented separately as one-line item below net profit of the continuing operations. For the purpose of the Group’s interim financial report, the presentation of comparative information in respect of the consolidated income statement and the consolidated statement of comprehensive income for the six months ended 30 June 2020 has been restated in order to disclose the discontinued operation separately from continuing operations.

3 ACCOUNTING POLICIES

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

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

A number of new or amended standards became applicable for the current reporting period. These standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

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 ("CODM") for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments, namely, rendering of crude oil jetty and storage services and rendering of vessel chartering and logistics services. All operating segments which fulfil the aggregation criteria under HKFRS 8, *Operating segments* have been identified by the Group's CODM 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 People's Republic of China (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 30 September 2020, strategic divestment of the Group's natural gas pipeline transmission service segment, which is then classified as a discontinued operation, was completed. Further details of financial information of the discontinued operation are set out in Note 11 to this interim financial information.

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

Segment assets include all assets, except for cash and cash equivalents, investment properties, dividend receivables from joint ventures and an associate, right-of-use assets – properties in Hong Kong and prepaid land lease payments in Indonesia, unallocated other receivables, property, plant and equipment. Segment liabilities exclude unallocated other payables, lease liabilities and deferred income tax liabilities. The Group's CODM has determined to present segment assets, liabilities and results of associates and joint ventures 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 or amortisation 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 the continuing operations. Items that are not specifically attributed to individual segments, such as unallocated other income, unallocated other finance income, unallocated depreciation and amortisation and other corporate costs or income are excluded from segment results.

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

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance is set out as follows:

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

(i) *As at and for the six months ended 30 June 2021:*

For the six months ended 30 June 2021

	Crude oil jetty and storage services <i>HK\$'000</i> (Unaudited)	Vessel chartering and logistics services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue			
– Recognised at a point in time	262,804	–	262,804
– Recognised over time	68,177	–	68,177
	<u>330,981</u>	<u>–</u>	<u>330,981</u>
Segment results			
– Subsidiary	147,539	–	147,539
– Joint ventures	454,152	46,883	501,035
– Associates	93,198	4,156	97,354
	<u>694,889</u>	<u>51,039</u>	<u>745,928</u>
Unallocated other corporate expenses			<u>(11,306)</u>
Profit before income tax			734,622
Income tax expenses			<u>(60,496)</u>
Profit for the period			<u><u>674,126</u></u>
Other segment items			
Bank interest income	227	–	227
Depreciation and amortisation	(76,895)	–	(76,895)
Capital expenditures	(2,122)	–	(2,122)
	<u><u>(76,668)</u></u>	<u><u>–</u></u>	<u><u>(76,668)</u></u>

As at 30 June 2021

	Crude oil jetty and storage services <i>HK\$'000</i> (Unaudited)	Vessel chartering and logistics services <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment assets			
– Subsidiary	2,291,123	–	2,291,123
– Joint ventures	7,081,231	732,893	7,814,124
– Associates	991,367	60,870	1,052,237
	<u>10,363,721</u>	<u>793,763</u>	<u>11,157,484</u>
Unallocated assets			
– Cash and cash equivalents			3,802,033
– Other receivables			15,572
– Investment properties			19,194
– Right-of-use assets			
• properties in Hong Kong			12,585
• prepaid land lease payments in Indonesia			561,167
– Dividend receivable from joint ventures and an associate			209,244
– Property, plant and equipment			85,142
			<u>4,704,937</u>
Total assets			<u><u>15,862,421</u></u>
Segment liabilities	<u>182,298</u>	–	<u>182,298</u>
Unallocated liabilities			
– Other payables			388,765
– Lease liabilities			13,507
– Deferred income tax liabilities			190,690
			<u>592,962</u>
Total liabilities			<u><u>775,260</u></u>

(ii) As at 31 December 2020 and for the six months ended 30 June 2020:

For the six months ended 30 June 2020

	Crude oil jetty and storage services HK\$'000 (Unaudited)	Vessel chartering and logistics services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited) (Restated)
Continuing operations			
Segment revenue			
– Recognised at a point in time	233,542	–	233,542
– Recognised over time	62,396	–	62,396
	<u>295,938</u>	<u>–</u>	<u>295,938</u>
Segment results			
– Subsidiary	137,970	–	137,970
– Joint ventures	375,629	45,889	421,518
– Associates	78,563	1,123	79,686
	<u>592,162</u>	<u>47,012</u>	<u>639,174</u>
Unallocated other corporate expenses			<u>(24,537)</u>
Profit before income tax			614,637
Income tax expenses			<u>(80,568)</u>
Net profit for the period from continuing operations			<u>534,069</u>
Discontinued operation			
Net profit for the period from discontinued operation			<u>75,438</u>
Profit for the period			<u>609,507</u>
Other segment items			
Continuing operations			
Bank interest income	327	–	327
Depreciation and amortisation	(61,531)	–	(61,531)
Capital expenditures	<u>(30,026)</u>	<u>–</u>	<u>(30,026)</u>
Other segment items			
Discontinued operation			
Bank interest income			628
Depreciation and amortisation			(125,598)
Capital expenditures			<u>(4)</u>

As at 31 December 2020

	Crude oil jetty and storage services <i>HK\$'000</i> (Audited)	Vessel chartering and logistics services <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
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
	<u>9,978,666</u>	<u>810,740</u>	<u>10,789,406</u>
Unallocated assets			
– Cash and cash equivalents			3,781,081
– 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
			<u>5,225,134</u>
Total assets			<u><u>16,014,540</u></u>
Segment liabilities	<u>175,855</u>	<u>–</u>	<u>175,855</u>
Unallocated liabilities			
– Other payables			943,828
– Lease liabilities			15,417
– Deferred income tax liabilities			164,349
			<u>1,123,594</u>
Total liabilities			<u><u>1,299,449</u></u>

(b) Analysis of information by geographical regions

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
		(Restated)
Revenue		
Continuing operations		
– The PRC	330,981	295,938
Discontinued operation		
– The PRC	–	337,514
	<hr/>	<hr/>
Capital expenditures		
Continuing operations		
– The PRC	2,122	30,026
Discontinued operation		
– The PRC	–	4
	<hr/>	<hr/>
	As at	As at
	30 June	31 December
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Non-current assets		
– The PRC	7,549,389	7,325,362
– Europe	1,438,245	1,471,174
– Indonesia	647,064	652,656
– Hong Kong	825,171	845,380
– United Arab Emirates	542,443	523,009
– Other regions	614	639
	<hr/>	<hr/>
	11,002,926	10,818,220
	<hr/>	<hr/>

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Total assets		
– The PRC	8,458,595	8,020,030
– Europe	1,438,245	1,471,174
– Indonesia	747,085	756,556
– Hong Kong	4,675,439	5,243,132
– United Arab Emirates	542,443	523,009
– Other regions	614	639
	<u>15,862,421</u>	<u>16,014,540</u>

(c) Major customers

For the purpose of disclosure under segment reporting for the six months ended 30 June 2021, several customers, being the branches and subsidiaries of Sinopec Group, including China Petroleum & Chemical Corporation Guangzhou Branch and Sinopec Fuel Oil Sales Corporation Limited, from crude oil jetty services have transactions that exceeded 95% (2020 (restated): 95%) of the Group's revenue, amounting to approximately HK\$315,396,000 (2020 (restated): HK\$281,149,000). These customers mainly operate in the PRC.

5 EXPENSES BY NATURE FROM CONTINUING OPERATIONS

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited) (Restated)
Net foreign exchange loss/(gain)	10,096	(4,732)
Depreciation and amortisation		
– Property, plant and equipment	74,148	59,054
– Investment properties	619	669
– Right-of-use assets	12,018	11,958
	<u>12,018</u>	<u>11,958</u>

6 INCOME TAX EXPENSES

	Note	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current income tax:			
– Hong Kong profits tax	(b)	2,930	2,626
– PRC corporate income tax	(c)	<u>43,584</u>	<u>73,383</u>
		46,514	76,009
Deferred income tax charged	(d)	<u>13,982</u>	<u>29,719</u>
		<u>60,496</u>	<u>105,728</u>
Income tax expenses attributable to profit from:			
– Continuing operations		60,496	80,568
– Discontinued operation		<u>–</u>	<u>25,160</u>

Notes:

- (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% (2020: 16.5%) on the estimated assessable profit for the six months ended 30 June 2021 and 2020.
- (c) The provision for PRC corporate income tax is based on 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 (2020: 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 a tax rate of 5% or 10%. During the six months ended 30 June 2021, withholding tax was provided for the portion of the relevant undistributed profits of the Group's subsidiary, joint ventures and associates established in the PRC at a tax rate of 5% (2020: 5%).

7 DIVIDENDS

(a)

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interim dividend, declared	198,893	198,893

On 25 August 2021, the board of directors has resolved to declare an interim dividend of HK8.0 cents per ordinary share (2020: HK8.0 cents per ordinary share). This interim dividend has not been recognised as a liability in this condensed consolidated interim financial information.

(b) The final dividend of approximately HK\$298,339,000 that relates to the year ended 31 December 2020 was approved in Annual General Meeting on 15 June 2021 and was paid on 20 July 2021 (2020: HK\$298,339,000).

8 EARNINGS PER SHARE

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
		(Restated)
Profit attributable to equity holders of the Company from continuing operations (HK\$'000)	674,515	534,356
Profit attributable to equity holders of the Company from discontinued operation (HK\$'000)	–	75,438
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)	27.13	21.49
Basic earnings from discontinued operation per share (HK cents per share)	–	3.04

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 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Trade receivables from:		
– An intermediate holding company and fellow subsidiaries	774,491	634,503
– Bills receivables	33,650	–
– Others	3,924	2,517
	<u>812,065</u>	<u>637,020</u>
Other receivables		
– Consideration receivables	–	732,213
– Dividend receivables from joint ventures and an associate	209,244	–
– Others	32,291	41,649
	<u>241,535</u>	<u>773,862</u>
	<u><u>1,053,600</u></u>	<u><u>1,410,882</u></u>

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

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

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

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Within 1 month	86,141	53,053
1 to 3 months	257,452	111,007
3 to 12 months	320,023	414,474
Over 12 months	148,449	58,486
	<u>812,065</u>	<u>637,020</u>

10 TRADE AND OTHER PAYABLES

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Trade payables from:		
– Fellow subsidiaries	508	930
– Others	<u>89,818</u>	<u>93,745</u>
	<u>90,326</u>	<u>94,675</u>
Other payables		
– Amounts due to the immediate holding company, an intermediate holding company and other related parties	25,437	800,046
– Accrued charges	95,456	100,178
– Dividend payables	<u>298,339</u>	<u>–</u>
	<u>419,232</u>	<u>900,224</u>
	<u><u>509,558</u></u>	<u><u>994,899</u></u>

Trade payable balances are repayable within one year.

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

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

	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
Within 1 month	1,514	89,762
1 to 3 months	–	4,913
3 to 12 months	88,209	–
Over 12 months	<u>603</u>	<u>–</u>
	<u>90,326</u>	<u>94,675</u>
	<u><u>90,326</u></u>	<u><u>94,675</u></u>

11 DISCONTINUED OPERATION

On 30 September 2020, the Group disposed of its 100% equity interest in Yu Ji Pipeline Company. The consolidated results of Yu Ji Pipeline Company for the period from 1 January 2020 to 30 June 2020 have been restated and presented as discontinued operation in the interim financial report, and corresponding notes have been restated to disclose the discontinued operation separately from continuing operations.

(a) Financial performance and cash flow information

	Six months ended 30 June 2020 HK\$'000
Discontinued operation	
Revenue	337,514
Cost of providing services	(202,929)
	<hr/>
Gross profit	134,585
Other income and other gains, net	10,643
Administrative expenses	(8,888)
	<hr/>
Operating profit	136,340
Finance income	628
Finance costs	(36,370)
	<hr/> <hr/>
Profit before income tax	100,598
Income tax expenses	(25,160)
	<hr/>
Profit for the period from discontinued operation	75,438
	<hr/>
Net cash inflow from operating activities	131,045
Net cash inflow from investing activities	623
Net cash outflow from financing activities	(106,567)
	<hr/>
Net increase in cash generated by the discontinued operation	25,101
	<hr/> <hr/>

12 PT. WEST POINT TERMINAL PROJECT

In 2012, the Group acquired 95% equity interest in PT. West Point Terminal (“**PT. West Point**”), and proposed to invest and construct an oil storage terminal in Indonesia (the “**Batam Project**”) via it. Due to certain disputes between the shareholders on Batam Project, the minority shareholder filed two arbitration requests against the Group in 2016 to the International Court of Arbitration of the International Chamber of Commerce (the “**ICC Court**”). In 2019, the Group received two arbitral awards from the ICC Court in the Group’s favour with respect to the aforesaid arbitration requests.

To secure its right to enforce the arbitral awards in Indonesia, the Group has completed the necessary procedures with District Court of Central Jakarta in 2020. The Group currently plans to compile an updated feasibility study report of the Batam Project so as to provide a basis for the future decision of the project.

Further details relating to the project are set out in the Company’s announcements dated 25 April 2010, 9 October 2012, 15 November 2016, 21 March 2017 and 6 December 2019.

INTERIM DIVIDEND

The Board declared the payment of an interim dividend of HK8 cents per share in cash for the year 2021 to shareholders whose names appear on the register of members of the Company on 24 September 2021 (Friday).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed, for the purpose of determining shareholders' entitlement to the interim dividend, from 20 September 2021 (Monday) to 24 September 2021 (Friday) (both days inclusive) during which period no transfer of shares can be registered. In order to qualify for the 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on 17 September 2021 (Friday). The cheques for dividend payment will be sent on or around 20 October 2021 (Wednesday).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

In the first half of 2021, the Group withstood the challenges from both internal and external operating pressures and achieved satisfactory operating results. In the first half of the year, on one hand, the COVID-19 pandemic continued to have a significant impact on the world economy and hampering macro business environment; on the other hand, the Group's former natural gas pipeline transmission business was disposed of while the Group's new businesses are still in developing stage, the Group's operating scale and economic benefits were under considerable downward pressure. In face of the challenges and trials, with its firm confidence and the proactive planning and right leadership of the Board, the Group continued to properly carry out regular epidemic prevention and control to ensure normal production and operation, whilst actively implementing refined management, constantly optimising management and operational plans, and strictly controlling costs and expenses. Meanwhile, the Group strengthened market development and strived to increase total business volume. On such foundation, the Group closely monitored the development trend of clean energy and new business development opportunity, and actively planned for deployment of new projects to secure sustainable development of the Group. In the first half of the year, the Group's revenue from continuing operations was approximately HK\$331 million, representing a year-on-year increase of approximately 11.84%, and consolidated net profit from continuing operations was approximately HK\$674 million, representing a significant year-on-year increase of approximately 26.22%, translating into earnings per share of approximately HK27.13 cents. The consolidated net profit for the first half of 2021 increased by approximately 10.60% even comparing to the consolidated net profit of the same period last year which included profit contribution from discontinued operation, demonstrating steady growth in its operating results. Taking the cash flow and the needs of the future development of the Company into consideration, the Board decided to maintain the interim cash dividend for 2021 consistent with the same period last year, which is HK8 cents per share for the interim cash dividend for 2021.

During the first half of 2021, Huizhou Daya Bay Huade Petrochemical Company Ltd. (“**Huade Petrochemical**”), the Company’s wholly-owned subsidiary, fully seized the favourable opportunity from the controlled-pandemic in China and the gradual recovery of its economy, and actively carried out regular production and operation, continuously tackled difficulties and enhanced efficiency, focused on long-term development, and continued the in-depth negotiation on future cooperation with Exxon Mobil Corporation on the Huizhou ethylene project in an effort to expand its business scale further and enhance profitability. In the first half of the year, Huade Petrochemical unloaded approximately 6.22 million tonnes of crude oil from 38 oil tankers, representing a year-on-year increase of approximately 0.48%, while it transmitted approximately 6.25 million tonnes of crude oil, representing a year-on-year increase of approximately 5.22%. Benefiting from the appreciation of RMB against HK\$, the segment revenue was approximately HK\$331 million, representing a year-on-year increase of approximately 11.84%; while the segment results from Huade Petrochemical were approximately HK\$148 million, representing a year-on-year increase of approximately 6.94%.

In the first half of 2021, the Company officially changed the management approach 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**”), being the associate and joint ventures of the Company (collectively, the “**Six Domestic Terminal Companies**”) from the original entrusted management to direct management, and gave full play to the characteristics of direct management in terms of smoother flow of information and more effective management and control. With an aim of enhancing the profitability of the Six Domestic Terminal Companies, their management system and mechanism reform were strengthened, a series of cost reduction and efficiency enhancement measures were implemented, in an effort to enhance efficiency through management. In the first half of the year, the aggregate throughput of the Six Domestic Terminal Companies was approximately 121 million tonnes, representing a year-on-year decrease of approximately 3.20%, but as benefited from cost control and business optimisation, the aggregate investment return was approximately HK\$479 million, representing a year-on-year increase of approximately 17.40%.

In the first half of 2021, Fujairah Oil Terminal FZC (“**FOT**”) in the Middle East, a joint venture of the Company, laid a solid foundation to ensure steady production and operation through sparing no effort in epidemic prevention and control and actively encouraging all employees to receive COVID-19 vaccination. The vaccination rate among the employees was therefore close to 100%. Meanwhile, it accurately grasped market information and actively carried out marketing activities, leading to record highs in the rental of its storage tanks and significantly strengthened profitability. In addition, FOT leveraged on the current accommodative monetary environment to arrange refinancing of its projects to reduce financing costs and ease the pressure of loan repayment. The investment return from FOT in the first half of the year was approximately HK\$55.00 million, representing a year-on-year growth of approximately 63.93%. In the first half of 2021, the COVID-19 pandemic resurged from time to time in Europe which posed a considerable challenge to the normal production and operation of Vesta Terminals B.V. (“**Vesta**”) in Europe, a joint venture of the Company. Vesta continued carrying out epidemic prevention and control to maintain stable production and operation while working hard to push forward new project construction to lay the foundation for improving its profitability. In the first half of the year, the average occupancy rate of storage tanks of Vesta was approximately 97.5%, and its investment return was approximately HK\$13.26 million, representing a year-on-year increase of approximately 1.61%.

In the first half of 2021, despite the great challenge posed by the COVID-19 pandemic to the operation of vessels, the Group’s liquefied natural gas (“**LNG**”) vessel logistics business continued to maintain steady operation under the Group’s careful planning and active response. In the first half of the year, the eight LNG vessels completed a total of 54 voyages and generated an investment return of approximately HK\$51.04 million, representing a year-on-year increase of approximately 8.57%.

Looking ahead to the second half of the year, as the COVID-19 vaccination becomes more accessible around the world, it is expected that the pandemic will gradually come under control and the global economy will gradually resume to normal conditions. The Board will earnestly implement new development concepts, strive to enhance production and operation management, and is committed to achieving the annual production and operation targets. At the same time, it will closely monitor the development of clean energy, actively incubate and develop green and low-carbon projects, and seize opportunities to further expand our core businesses, in an effort to achieve sustainable development of the Company.

REVENUE, GROSS PROFIT AND OPERATING PROFIT

In the first half of 2021, the Group's revenue was approximately HK\$330,981,000 (first half of 2020: HK\$295,938,000), representing an increase of approximately 11.84% as compared with the same period last year; gross profit was approximately HK\$166,249,000 (first half of 2020: HK\$150,465,000), representing an increase of approximately 10.49% as compared with the same period last year; operating profit was approximately HK\$118,196,000 (first half of 2020: HK\$117,015,000), representing an increase of approximately 1.01% as compared with the same period last year. The increases in revenue, gross profit and operating profit in the first half of 2021 were mainly due to the following reasons: (i) as the pandemic was gradually brought under control in China, the business volume of Huade Petrochemical, a wholly-owned subsidiary of the Company, had increased year-on-year; (ii) the expenses of dredging of Huade Petrochemical decreased year-on-year and (iii) RMB appreciated against HK\$ in the first half of 2021 which resulted in the increases of the amounts of revenue, gross profit and operating profit when translating into HK\$.

SEGMENTAL INFORMATION

In the first half of 2021, the segment revenue and segment results of the Group's crude oil jetty and storage business were approximately HK\$330,981,000 (first half of 2020: HK\$295,938,000) and HK\$694,889,000 (first half of 2020: HK\$592,162,000) respectively, representing increases of approximately 11.84% and 17.35% respectively as compared with the same period last year. The increases in segment revenue and segment results of crude oil jetty and storage business were due to, on one hand, the increase in business volume of Huade Petrochemical, and the appreciation of RMB against HK\$ which resulted in the increases in the amounts when translating into HK\$, in the first half of 2021; and on the other hand, further improvement of profitability of the Six Domestic Terminal Companies as they have adopted a series of cost reduction, efficiency enhancement and business optimisation measures.

In the first half of 2021, the segment results of the Group's vessel chartering and logistics business were approximately HK\$51,039,000 (first half of 2020: HK\$47,012,000), representing an increase of approximately 8.57% as compared with the same period last year, which mainly benefited from cost control and continual stable logistics operation of vessels.

OTHER INCOME AND OTHER GAINS, NET

In the first half of 2021, the Group's other income and other gains, net were approximately HK\$24,559,000 (first half of 2020: HK\$39,036,000), representing a decrease of approximately 37.09% as compared with the same period last year. Such decrease was mainly due to the decreases in the interest income from shareholder loans and exchange gains of the Group in the first half of the year.

FINANCE INCOME

In the first half of 2021, the Group's finance income was approximately HK\$18,620,000 (first half of 2020: HK\$409,000), representing a year-on-year increase of approximately 4,452.57%, which was mainly due to the interest income generated from the proceeds which was placed as fixed deposits upon the completion of the Group's disposal of the natural gas pipeline transmission business.

SHARE OF RESULTS OF JOINT VENTURES

In the first half of 2021, the Group's share of results of joint ventures was approximately HK\$501,035,000 (first half of 2020: HK\$421,518,000), representing an increase of approximately 18.86% as compared with the same period last year, which was mainly due to: (i) the continuous growth of profitability of the Company's joint venture jetty companies in the first half of the year which benefited from cost control and business optimisation and (ii) the appreciation of RMB against HK\$ in the first half of 2021 which resulted in an increase in the amounts when translating into HK\$.

SHARE OF RESULTS OF ASSOCIATES

In the first half of 2021, the Group's share of results of associates was approximately HK\$97,354,000 (first half of 2020: HK\$79,686,000), representing an increase of approximately 22.17% as compared with the same period last year, which was mainly due to the favourable operating results of Zhan Jiang Port Terminal, an associate of the Company, for the first half of the year.

INCOME TAX EXPENSES

In the first half of 2021, the Group's income tax expenses were approximately HK\$60,496,000 (first half of 2020: HK\$80,568,000), representing a decrease of approximately 24.91% as compared with the same period last year. This was mainly because the Group made an one-off supplemental provision in the same period last year for withholding tax of prior years to align with the actual dividend distribution of Zhan Jiang Port Terminal, resulting in a high base.

PROFIT FROM DISCONTINUED OPERATION

In the first half of 2021, the profit from the Group's discontinued operation was nil (first half of 2020: HK\$75,438,000), which was mainly due to the completion of the disposal of the natural gas pipeline transmission business by the Group on 30 September 2020.

PREPAYMENT

As at 30 June 2021, the Group's prepayment was approximately HK\$8,994,000 (as at 31 December 2020: HK\$16,962,000), representing a decrease of approximately 46.98% as compared with the end of last year, which was mainly because the dredging fee of Huade Petrochemical's navigation channel was included in the long-term deferred expense assets and to be amortized on schedule.

INVENTORIES

As at 30 June 2021, the Group's inventories were approximately HK\$3,862,000 (as at 31 December 2020: HK\$4,357,000), representing a decrease of approximately 11.36% as compared with the end of previous year, which was mainly attributable to the consumption of some spare parts and accessories due to the needs of regular production and operation of Huade Petrochemical in the first half of the year.

TRADE AND OTHER RECEIVABLES

As at 30 June 2021, the Group's trade and other receivables were approximately HK\$1,053,600,000 (as at 31 December 2020: HK\$1,410,882,000), representing a decrease of approximately 25.32% as compared with the end of last year, which was mainly because a part of the consideration for the disposal of the equity interest of Yu Ji Pipeline Company by the Group was still included in other receivables at the end of last year, while all consideration for the disposal of equity interest of Yu Ji Pipeline Company and relevant assets was received by the Group in cash by 21 January 2021.

LIQUIDITY AND SOURCE OF FINANCE

As at 30 June 2021, the Group's cash and cash equivalents amounted to approximately HK\$3,802,033,000 (as at 31 December 2020: HK\$3,781,081,000), representing an increase of approximately 0.55% as compared with the end of last year. The Group will make full use of the funds to develop its core businesses.

CURRENT RATIO AND LIABILITIES TO ASSETS RATIO

As at 30 June 2021, the Group's current ratio (current assets to current liabilities) was approximately 8.81 (as at 31 December 2020: 4.74), and liabilities to assets ratio (total liabilities to total assets) was approximately 4.89% (as at 31 December 2020: 8.11%).

DEFERRED INCOME TAX LIABILITIES

As at 30 June 2021, the Group's deferred income tax liabilities were approximately HK\$190,690,000 (as at 31 December 2020: HK\$164,349,000), representing an increase of approximately 16.03% as compared with the end of last year, which was mainly because the Group received dividend distributions from its joint ventures and associates mainly in the second half of last year and paid corresponding dividend income tax which resulted in lower deferred income tax liabilities at the end of last year.

LEASE LIABILITIES

As at 30 June 2021, the Group's lease liabilities were approximately HK\$25,046,000 (as at 31 December 2020: HK\$28,420,000), representing a decrease of approximately 11.87% as compared with the end of last year, which was mainly because the renewed lease contract of its office building in Hong Kong became effective from 1 December last year, and rent was paid according to the renewed lease contract, in which approximately HK\$17,671,000 was non-current lease liabilities (31 December 2020: HK\$21,943,000), representing a decrease of approximately 19.47% as compared with the end of last year, and approximately HK\$7,375,000 was current lease liabilities (31 December 2020: HK\$6,477,000), representing an increase of approximately 13.86% respectively as compared with the end of last year, which was mainly due to the fact that rent concessions expired after the first four months according to the renewed lease contract.

TRADE AND OTHER PAYABLES

As at 30 June 2021, the Group's trade and other payables were approximately HK\$509,558,000 (as at 31 December 2020: HK\$994,899,000), representing a decrease of approximately 48.78% as compared with the end of last year, which was mainly due to the repayment of payables by the Company to Sinopec Kantons International Limited ("**Kantons International**"), the direct controlling shareholder of the Company, during the period.

INCOME TAX PAYABLE

As at 30 June 2021, the income tax payable of the Group was approximately HK\$34,664,000 (as at 31 December 2020: HK\$96,007,000), representing a decrease of approximately 63.89% as compared with the end of last year, which was mainly because the Group had completed the payment of the remaining income tax in respect of the disposal of the natural gas pipeline transmission business during the first half of the year.

SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSAL

Save as disclosed in this announcement, the Group did not have any other significant investment, acquisition and disposal for the six months ended 30 June 2021.

EXCHANGE RISK

The Company is engaged in petrochemical storage, terminal and logistics businesses in places including the PRC, Europe and United Arab Emirates through its subsidiaries, associates and joint ventures, and generates operating income in RMB, Euro and US\$ respectively. In addition, as at 30 June 2021, the Group still held a small amount of RMB demand deposits and certain receivables denominated in RMB. 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 regarding to the construction of 2.60 million m³ oil storage and ancillary facilities in Batam Island, Indonesia (the “**Batam Project**”). In accordance with the shareholders' agreement, as at 30 June 2021, Sinomart KTS Development Limited (“**Sinomart Development**”), the Company's wholly-owned subsidiary, committed to a contribution obligation of not exceeding the balance of US\$144,685,000. As the exchange rate of such currency fluctuates from time to time, there may be a certain difference between the actual amount in HK\$ to be paid 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 foreign exchange risk during the reporting period.

CONTINGENT LIABILITIES AND ASSETS PLEDGED BY THE GROUP

As at 30 June 2021 and the date of this announcement, contingent liabilities and assets pledged by the Group were as follows:

Guarantor	Beneficiary	Name of agreement	Content of clause	Date of agreement	Guarantee or pledge period	Pledge provided or guarantee balance as at 30 June 2021
Sinomart Development	FOT	Equity Pledge Agreement	Sinomart Development shall pledge its 50% equity interest in FOT to the banks which offered FOT refinancing loan of USD280 million. The Sponsor Support Agreement of the original loan has been terminated and the relevant equity pledge has undergone the procedures of being released.	The Equity Pledge Agreement shall be entered into within 90 days after the entering into of the Refinancing Credit Agreement on 28 June 2021	Effective until full repayment of the loan	50% equity interest it held in FOT
Sinomart Development	PT. West Point Terminal (“ PT. West Point ”)	Land Lease Agreement	In the event that PT. West Point fails to pay to lessor of Batam Project 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

Save for the above, the Group did not provide any other financial assistance or guarantee or pledge of shares for other companies as at 30 June 2021 and the date of this announcement.

ABOUT THE 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. The Group received arbitral awards in the Group's favour and obtained enforcement orders from the Indonesian Court in respect of the arbitral awards. In view of the fact that it has been a long time since the date of the signing of the agreement of the project, many of the assumed prerequisites adopted in the original feasibility study report of the project have changed significantly. As a result, the Group currently plans to compile the updated feasibility study report of the project so as to provide a basis for future decision making of the project. The Group will continue to adopt various effective measures actively to protect the legitimate rights and interests of the Company and its shareholders.

For the 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 of Hong Kong Limited (the “**Stock Exchange of Hong Kong**”) and the website of the Company.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed elsewhere in this announcement, there was no significant event which has occurred after the end of the reporting period and up to the date of this announcement.

EMPLOYEES AND EMOLUMENT POLICIES

As at 30 June 2021, the Group had a total of 234 employees (as at 30 June 2020: 235 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 EXECUTIVES' INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, none of the Directors or chief executives of the Company had any interests or short positions in the 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 notified to the Company and the Stock Exchange of Hong Kong pursuant to Divisions 7 and 8 of Part XV of the SFO or which is required to be entered in the register kept under section 352 of the SFO or otherwise required to be notified by the Directors and the chief executives of the Company to the Company and the Stock Exchange of Hong Kong pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set forth in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong (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 executives of the Company) who, as at 30 June 2021, had interests or short positions in the shares or underlying shares of the Company which would have to be disclosed to the Company and the Stock Exchange of Hong Kong under Divisions 2 and 3 of Part XV of the SFO or which were entered 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
Kantons International ^{Note}	Beneficial owner	1,500,000,000(L)	60.33%(L)

Note: The entire issued share capital of Kantons International 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.

CORPORATE GOVERNANCE

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

On 15 June 2021, 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 contained in Appendix 14 of the Listing Rules (the “Corporate Governance Code”) due to the impact of the novel coronavirus pandemic control measures. Pursuant to Bye-law 71 of the Bye-laws and according to the election by the attending Directors, Mr. Sang Jinghua, the executive Director and General Manager, presided over the annual general meeting.

Save as disclosed above, the Company had complied with the applicable provisions of the Corporate Governance Code throughout the six months ended 30 June 2021.

PARTICULARS OF CHANGES IN DIRECTORS DURING THE PERIOD FOR THE SIX MONTHS ENDED 30 JUNE 2021

On 19 January 2021, Mr. Ren Jiajun was appointed as an executive Director and Mr. Sang Jinghua was appointed as an executive Director, the General Manager, a member of the remuneration committee (the “**Remuneration Committee**”) and the nomination committee (the “**Nomination Committee**”), and an authorized representative of the Company; and Mr. Wang Guotao resigned as an executive Director and Mr. Ye Zhijun resigned as an executive Director, the Managing Director, a member of the Remuneration Committee and the Nomination Committee and an authorized representative of the Company, on 19 January 2021.

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 2021.

SHARE OPTION SCHEME

For the six months ended 30 June 2021, the Company had not established and implemented any share option scheme.

AUDIT COMMITTEE

The Audit Committee comprises four independent non-executive Directors, of which one of the independent non-executive Directors, Mr. Fong Chung, Mark, is the chairman of the Audit Committee. The Audit Committee is responsible for reviewing the accounting principles and practices, auditing, the internal control and risk management systems, internal audit and legal and regulatory compliance of the Group. Furthermore, the Audit Committee reviews the interim and annual results of the Group prior to recommending them to the Board for approval. The Audit Committee meets to review financial reporting and risk management and internal control matters and has unrestricted access to the Company’s auditor to this end. The Audit Committee has reviewed the unaudited interim financial report of the Group for the six months ended 30 June 2021.

REMUNERATION COMMITTEE

The Remuneration Committee comprises four independent non-executive Directors and two executive Directors, of which one of the independent non-executive Directors, Ms. Tam Wai Chu, Maria, is the chairlady of the Remuneration Committee.

NOMINATION COMMITTEE

The Nomination Committee comprises four independent non-executive Directors and two executive Directors, of which one of the independent non-executive Directors, Dr. Wong Yau Kar, David, is the chairman of the Nomination Committee.

CODE FOR SECURITIES TRANSACTIONS

The Company has adopted 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 standards set out in the Model Code during the six months ended 30 June 2021.

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 2021 and as at the date of this announcement.

PUBLICATION OF THE INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG 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 of Hong Kong and the Company. The interim report will be despatched to the shareholders and made available on the above websites in due course.

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

Hong Kong, 25 August 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*