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SINOPEC KANTONS HOLDINGS LIMITED

(中石化冠德控股有限公司)*

(incorporated in Bermuda with limited liability)

(Stock Code: 934)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022 (the “**Year**” or the “**Reporting Period**”) together with the comparative figures for the previous financial year. The financial information contained in this announcement (including the comparative figures for the same period of 2021) is extracted from the 2022 consolidated financial statements that have been audited by KPMG and reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022

	Note	2022 HK\$'000	2021 HK\$'000
Revenue	3, 4	616,064	636,517
Cost of providing services	6	<u>(328,302)</u>	<u>(353,253)</u>
Gross profit		287,762	283,264
Other income and other gains, net	5	326,856	79,721
Impairment loss on investment in a joint venture		–	(156,551)
Impairment loss on non-current assets		(629,772)	–
Distribution costs		(16,928)	(18,323)
Administrative expenses	6	<u>(147,112)</u>	<u>(135,468)</u>
Operating (loss)/profit		(179,194)	52,643
Finance income		77,702	21,952
Finance costs		(852)	(1,147)
Share of results of:			
– Joint ventures		540,403	901,561
– Associates		<u>171,675</u>	<u>181,934</u>
Profit before income tax		609,734	1,156,943
Income tax expenses	7	<u>(207,093)</u>	<u>(107,259)</u>
Profit for the year		<u>402,641</u>	<u>1,049,684</u>
Profit attributable to:			
Equity holders of the Company		434,882	1,050,396
Non-controlling interests		<u>(32,241)</u>	<u>(712)</u>
Profit for the year		<u>402,641</u>	<u>1,049,684</u>
Basic and diluted earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share):	8	<u><u>17.49</u></u>	<u><u>42.25</u></u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year	<u>402,641</u>	<u>1,049,684</u>
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on currency translation		
– Subsidiaries	(180,752)	64,968
– Joint ventures	(476,955)	43,875
– Associates	<u>(92,953)</u>	<u>30,400</u>
	<u>(750,660)</u>	<u>139,243</u>
Cash flow hedges		
– Joint ventures	300,621	(1,988)
– An associate	<u>11,821</u>	<u>(5,625)</u>
	<u>312,442</u>	<u>(7,613)</u>
Other comprehensive income for the year, net of nil tax	<u>(438,218)</u>	<u>131,630</u>
Total comprehensive income for the year	<u>(35,577)</u>	<u>1,181,314</u>
Total comprehensive income for the year attributable to:		
Equity holders of the Company	(3,336)	1,182,026
Non-controlling interests	<u>(32,241)</u>	<u>(712)</u>
Total comprehensive income for the year	<u><u>(35,577)</u></u>	<u><u>1,181,314</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Note</i>	2022 HK\$'000	2021 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		1,453,295	1,508,091
Right-of-use assets		66,946	590,985
Investment properties		17,337	18,575
Prepayment		1,887	847
Interests in joint ventures		6,672,394	6,753,155
Interests in associates		1,063,145	1,151,511
		<hr/>	<hr/>
Total non-current assets		9,275,004	10,023,164
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current assets			
Inventories		4,119	4,125
Trade and other receivables	9	590,647	1,621,698
Time deposit with original maturity of more than three months		3,000,000	–
Cash and cash equivalents		2,490,097	4,197,541
		<hr/>	<hr/>
Total current assets		6,084,863	5,823,364
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total assets		15,359,867	15,846,528
		<hr/>	<hr/>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		248,616	248,616
Reserves		14,615,679	15,116,247
		<hr/>	<hr/>
Equity attributable to equity holders of the Company		14,864,295	15,364,863
Non-controlling interests		2,069	34,310
		<hr/>	<hr/>
Total equity		14,866,364	15,399,173
		<hr/>	<hr/>

	<i>Note</i>	2022 HK\$'000	2021 HK\$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		178,056	177,270
Government grants		53,714	14,909
Lease liabilities		27,910	15,943
		<hr/>	<hr/>
Total non-current liabilities		259,680	208,122
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	<i>11</i>	143,301	213,105
Income tax payable		83,412	19,259
Lease liabilities		7,110	6,869
		<hr/>	<hr/>
Total current liabilities		233,823	239,233
		<hr/>	<hr/>
Total liabilities		493,503	447,355
		<hr/>	<hr/>
Total equity and liabilities		15,359,867	15,846,528
		<hr/>	<hr/>
Net current assets		5,851,040	5,584,131
		<hr/>	<hr/>
Total assets less current liabilities		15,126,044	15,607,295
		<hr/> <hr/>	<hr/> <hr/>

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 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.

The Group’s 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 2023.

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 and Hong Kong. Sinopec Corp. produces consolidated financial statements available for public use.

2 BASIS OF PREPARATION

The financial information set out in this announcement does not constitute the consolidated financial statements of the Group for the year ended 31 December 2022, but is extracted from those consolidated financial statements.

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and disclosure requirements under the Hong Kong Companies Ordinance (Cap. 622). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**the Listing Rule**”). 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 amendments for the first time for their annual reporting period commencing 1 January 2022:

Amendments to HKAS 16	Property, plant and equipment: Proceeds before intended use
Amendments to HKAS 37	Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract

Adoption of the above amendments does not have a material impact on how the Group's results and financial position for the current or prior periods have been prepared or presented.

(b) *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 31 December 2022 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
HKFRS 17, <i>Insurance contracts</i>	1 January 2023
Amendments to HKAS 1, <i>Presentation of financial statements: Classification of liabilities as current or non-current</i>	1 January 2023
Amendments to HKAS 1, <i>Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies</i>	1 January 2023
Amendments to HKAS 8, <i>Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates</i>	1 January 2023
Amendments to HKAS 12, <i>Income Taxes: Deferred tax related to assets and liabilities arising from a single transaction</i>	1 January 2023

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 ("CODM") for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments, namely, crude oil jetty and storage services and 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 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, including those carried out through its joint ventures and associate, 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 in this regard are mainly carried out through its joint venture and associate in the PRC, Australia and Papua New Guinea.

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 included all assets, except for cash and cash equivalents, time deposit with original maturity of more than three months, investment properties, dividend receivables from joint ventures and associates, properties in Hong Kong and prepaid land lease payments in Indonesia classified as right-of-use assets, unallocated other receivables and property, plant and equipment. Segment liabilities exclude unallocated other payables, income tax payable, lease liabilities, and deferred income tax liabilities. The Group's CODM 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 segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

The measure used for reporting segment profit is "segment results". Segment results include the operating profit generated by the segments and finance costs directly attributable to the segments. 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 interest income, depreciation and additions to non-current segment assets of each 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 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 2022:

For the year ended 31 December 2022

	Crude oil jetty and storage services <i>HK\$'000</i>	Vessel chartering and logistics services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	616,064	–	616,064
Inter-segment revenue	–	–	–
Revenue from external customers	616,064	–	616,064
Segment results			
– Subsidiary	493,571	–	493,571
– Joint ventures (<i>Note (a)</i>)	431,388	109,015	540,403
– Associates	164,677	6,998	171,675
	1,089,636	116,013	1,205,649
Other unallocated corporate expense, net (<i>Note (b)</i>)			(595,915)
Profit before income tax			609,734
Income tax expenses			(207,093)
Profit for the year			402,641

Notes:

- (a) The share of results of joint ventures within crude oil jetty and storage services segment includes the Group's share of impairment loss of HK\$261,112,000 in relation to the Group's interest in Vesta Terminals B.V. (“Vesta”).
- (b) Other unallocated corporate expense, net includes the impairment loss on non-current assets of PT. West Point Terminal (“PT. West Point”) of HK\$629,772,000.

For the year ended 31 December 2022

	Crude oil jetty and storage services <i>HK\$'000</i>	Vessel chartering and logistics services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Other segment items			
Finance income	1,200	–	1,200
Depreciation			
– Property, plant and equipment	(113,021)	–	(113,021)
– Right-of-use assets	(5,443)	–	(5,443)
Additions to non-current segment assets	299,803	–	299,803
Impairment loss on trade and other receivables	(1)	–	(1)
Gain on disposal of property, plant and equipment (<i>Note 5(b)</i>)	249,476	–	249,476

As at 31 December 2022

	Crude oil jetty and storage services <i>HK\$'000</i>	Vessel chartering and logistics services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets			
– Subsidiary	2,060,338	–	2,060,338
– Joint ventures	5,710,207	962,187	6,672,394
– Associates	992,476	70,669	1,063,145
	<u>8,763,021</u>	<u>1,032,856</u>	<u>9,795,877</u>
Unallocated assets			
– Cash and cash equivalents			2,490,097
– Time deposit with original maturity of more than three months			3,000,000
– Other receivables			47,987
– Investment properties			17,337
– Right-of-use assets			
• properties in Hong Kong			4,760
– Dividend receivable from an associate			2,527
– Property, plant and equipment			1,282
			<u>5,563,990</u>
Total assets			<u>15,359,867</u>
Segment liabilities	<u>215,866</u>	<u>–</u>	<u>215,866</u>
Unallocated liabilities			
– Other payables			94,149
– Income tax payable			33
– Lease liabilities			5,399
– Deferred income tax liabilities			178,056
			<u>277,637</u>
Total liabilities			<u>493,503</u>

(ii) As at and for the year ended 31 December 2021:

For the year ended 31 December 2021

	Crude oil jetty and storage services <i>HK\$'000</i>	Vessel chartering and logistics services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>636,517</u>	<u>–</u>	<u>636,517</u>
Revenue from external customers	<u>636,517</u>	<u>–</u>	<u>636,517</u>
Segment results			
– Subsidiary	235,145	–	235,145
– Joint ventures (<i>Note</i>)	650,778	94,232	745,010
– Associates	<u>176,457</u>	<u>5,477</u>	<u>181,934</u>
	1,062,380	99,709	1,162,089
Other unallocated corporate expense, net			<u>(5,146)</u>
Profit before income tax			1,156,943
Income tax expenses			<u>(107,259)</u>
Profit for the year			<u><u>1,049,684</u></u>

Note: The share of results of joint ventures within crude oil jetty and storage services segment included an impairment loss of HK\$156,551,000 in relation to the Group's interest in Vesta.

For the year ended 31 December 2021

	Crude oil jetty and storage services <i>HK\$'000</i>	Vessel chartering and logistics services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Other segment items			
Finance income	539	–	539
Depreciation			
– Property, plant and equipment	(138,973)	–	(138,973)
– Right-of-use assets	(5,637)	–	(5,637)
Additions to non-current segment assets	42,232	–	42,232
Impairment loss on trade and other receivables	(4)	–	(4)
Impairment loss on investment in a joint venture	<u>(156,551)</u>	<u>–</u>	<u>(156,551)</u>

As at 31 December 2021

	Crude oil jetty and storage services <i>HK\$'000</i>	Vessel chartering and logistics services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets			
– Subsidiary	2,121,215	–	2,121,215
– Joint ventures	6,032,256	720,899	6,753,155
– Associates	1,093,181	58,330	1,151,511
	<u>9,246,652</u>	<u>779,229</u>	<u>10,025,881</u>
Unallocated assets			
– Cash and cash equivalents			4,197,541
– Other receivables			15,983
– Investment properties			18,575
– Right-of-use assets			
• properties in Hong Kong			9,962
• prepaid land lease payments in Indonesia			556,937
– Dividend receivable from a joint venture			936,192
– Property, plant and equipment			85,457
			<u>5,820,647</u>
Total assets			<u>15,846,528</u>
Segment liabilities	<u>176,461</u>	–	<u>176,461</u>
Unallocated liabilities			
– Other payables			80,604
– Income tax payable			2,234
– Lease liabilities			10,786
– Deferred income tax liabilities			177,270
			<u>270,894</u>
Total liabilities			<u>447,355</u>

(b) Analysis of information by geographical regions

During the years ended 31 December 2022 and 2021, all of the Group's revenue was generated from the customers located in the PRC.

The following tables set out information about the geographical information of the Group's non-current assets and total assets which are based on the geographical location of the assets.

Non-current assets

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The PRC	6,784,840	6,909,708
Europe	813,048	1,156,526
Indonesia	–	643,207
Hong Kong	1,055,692	807,364
United Arab Emirates	620,880	505,771
Other regions	544	588
Total non-current assets	9,275,004	10,023,164

Total assets

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The PRC	7,647,035	7,611,003
Hong Kong	6,261,810	5,829,432
Europe	813,048	1,156,526
Indonesia	16,550	743,208
United Arab Emirates	620,880	505,771
Other regions	544	588
Total assets	15,359,867	15,846,528

(c) Major customers

For the purpose of disclosure under segment reporting, several customers, being the branches and subsidiaries of Sinopec Group, including Sinopec Corp. Guangzhou Branch and Sinopec Fuel Oil Sales Corporation Limited, from crude oil jetty services have transactions that exceeded 91% (2021: 91%) of the Group's revenue, amounted to approximately HK\$563,617,000 (2021: HK\$580,809,000). These customers mainly operate in the PRC.

4 REVENUE

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
– Provision of crude oil jetty services (<i>Note</i>)	480,385	498,264
Revenue from other sources		
Rental revenue from operating leases with customers		
– Lease payments that are fixed or depend on an index or a rate	71,043	73,579
– Variable lease payments that do not depend on an index or a rate	64,636	64,674
	<u>135,679</u>	<u>138,253</u>
	<u>616,064</u>	<u>636,517</u>

Note: Revenue from provision of crude oil jetty services is recognised at a point in time.

5 OTHER INCOME AND OTHER GAINS, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other income:		
– Rental income from investment properties	2,033	1,713
– Government grants:		
– Value-added tax refund	7,650	9,127
– Amortisation of deferred government grant	1,443	1,308
– Employment Support Scheme in Hong Kong (<i>Note (a)</i>)	566	–
– Interest income from loans to:		
– Joint ventures	54,926	56,217
– An associate	2,774	3,066
– Management fee income from a joint venture	3,943	3,631
	<u>73,335</u>	<u>75,062</u>
Other gains/(losses):		
– Net foreign exchange gains/(losses)	4,027	(2,975)
– Net gains/(losses) on disposal of property, plant and equipment (<i>Note (b)</i>)	249,479	(803)
– Others	15	8,437
	<u>253,521</u>	<u>4,659</u>
	<u>326,856</u>	<u>79,721</u>

Notes:

- (a) In 2022, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government. The purpose of the funding is to provide financial support to employers to retain their current employees or hire more employees when the business revives. Under the terms of the grant, the Group is required to employ a sufficient number of employees with reference to its proposed employee headcounts in each subsidy month.
- (b) To cope with the need of reclamation from a local construction project, Huade Petrochemical Co., Ltd. (“**Huade Petrochemical**”), a subsidiary wholly owned by the Group, entered into an agreement with an independent third party, whereby the original submarine pipeline owned by Huade Petrochemical (the “**Original Pipeline**”) is to be demolished in exchange for a new submarine pipeline (the “**New Pipeline**”). In 2022, the demolition of the Original Pipeline, the construction and valuation of construction work of the New Pipeline and the exchange of the two pipelines are completed. As a result, a pre-tax gain of RMB214,481,000 (equivalent to HK\$249,716,000) is recognised in 2022, and the relevant tax expense amounted to HK\$62,429,000.

6 EXPENSES BY NATURE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Depreciation		
– property, plant and equipment	113,123	139,087
– investment properties	1,238	1,238
– right-of-use assets	24,028	24,128
Employee benefit expenses, including directors’ remuneration	155,246	140,167
Auditor’s remuneration		
– the Company	2,000	2,000
– subsidiaries	3,103	3,122
– under-provisions of prior years	295	55
– non-audit services	–	22
Expenses relating to short-term leases		
– hire of a property	1,928	2,028

7 INCOME TAX EXPENSES

	Note	2022 HK\$'000	2021 HK\$'000
Current income tax:			
– Hong Kong profits tax	(b)	2,870	5,266
– PRC corporate income tax	(c)	192,617	94,006
		<u>195,487</u>	<u>99,272</u>
Deferred income tax charged	(d)	11,606	7,987
		<u>207,093</u>	<u>107,259</u>

- (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% (2021: 16.5%) on the estimated assessable profit for the year.
- (c) Except for withholding tax on dividend as explained in Note (d), the provision for PRC corporate income tax is based on statutory income tax rate of 25% of the assessable income of a subsidiary of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC (2021: 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% (2021: 5%).
- (e) The tax on the Group's profit 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:

	2022 HK\$'000	2021 HK\$'000
Profit before income tax	609,734	1,156,943
Less: Share of results of joint ventures	(540,403)	(901,561)
Share of results of associates	(171,675)	(181,934)
	<u>(102,344)</u>	<u>73,448</u>
Tax calculated at domestic tax rates applicable to profits in the respective tax jurisdictions	25,067	32,106
Income not subject to tax	(13,400)	(13,020)
Expenses not deductible for tax purposes	109,263	35,381
Withholding tax on undistributed profits	80,499	48,150
Over provision in prior years	(1,078)	(1,233)
Tax losses not recognised	6,742	5,875
	<u>207,093</u>	<u>107,259</u>

8 EARNINGS PER SHARE

The calculation of basis earnings per share are based on the following data:

	2022	2021
Earnings (in HK\$'000)		
Profit attributable to equity holders of the Company:	<u>434,882</u>	<u>1,050,396</u>
Number of shares		
Weighted average number of ordinary shares in issue (in thousand)	<u>2,486,160</u>	<u>2,486,160</u>
Basic earnings per share (HK cents per share)	<u><u>17.49</u></u>	<u><u>42.25</u></u>

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

	2022	2021
	HK\$'000	HK\$'000
Trade receivables		
– Related parties	534,665	650,876
– Others	<u>1,421</u>	<u>1,705</u>
	<u>536,086</u>	<u>652,581</u>
Other receivables		
– Dividend receivable from an associate	2,527	–
– Dividend receivable from a joint venture	–	936,192
– Interest receivables	32,414	2,629
– Others	<u>19,620</u>	<u>30,296</u>
	<u>54,561</u>	<u>969,117</u>
	<u><u>590,647</u></u>	<u><u>1,621,698</u></u>

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

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

	2022	2021
	HK\$'000	HK\$'000
Within 1 month	46,896	46,779
1 to 2 months	42,643	25,064
2 to 3 months	42,384	40,692
3 to 12 months	404,163	452,277
Over 12 months	<u>–</u>	<u>87,769</u>
	<u>536,086</u>	<u>652,581</u>

10 DIVIDENDS

(a) Dividends payable to equity holders of the Company attributable to the year

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim dividend declared and paid of HK\$8 cents per ordinary share (2021: HK\$8 cents per ordinary share)	198,893	198,893
Final dividend proposed after the end of the reporting period of HK\$12 cents per ordinary share (2021: HK\$12 cents per ordinary share)	<u>298,339</u>	<u>298,339</u>
	<u>497,232</u>	<u>497,232</u>

A final dividend in respect of the year ended 31 December 2022 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 12 June 2023. The final dividend to be proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividends payable to equity holders of the Company attributable to the previous financial year, approved and paid during the year

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$12 cents per ordinary share (2021: HK\$12 cents per share)	<u>298,339</u>	<u>298,339</u>

11 TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables		
– Related parties	738	284
– Others	<u>36,480</u>	<u>116,679</u>
	<u>37,218</u>	<u>116,963</u>
Other payables		
– Amounts due to immediate, intermediate holding companies and other related parties	15,357	15,097
– Accrued charges	<u>90,726</u>	<u>81,045</u>
	<u>106,083</u>	<u>96,142</u>
	<u>143,301</u>	<u>213,105</u>

The amounts due to immediate, intermediate holding companies and other 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:

	2022 HK\$'000	2021 <i>HK\$'000</i>
Within 1 month	9,370	27,642
1 to 3 months	153	160
3 to 12 months	618	836
Over 12 months	27,077	88,325
	<hr/> 37,218 <hr/>	<hr/> 116,963 <hr/>

12 COMMITMENTS

As at 31 December 2022, the outstanding capital commitments not provided for in the financial statements were as follows:

	2022 HK\$'000	2021 <i>HK\$'000</i>
Contracted for but not provided for	32,665	80,899
	<hr/> 32,665 <hr/>	<hr/> 80,899 <hr/>

FINAL DIVIDEND

The Board recommended a dividend of HK20 cents per share for the whole year of 2022 (2021: HK20 cents per share) payable in cash, excluding the interim dividend of HK8 cents per share for 2022 (2021: HK8 cents per share) paid in cash on 19 October 2022, the final dividend of HK12 cents per share for 2022 (2021: HK12 cents per share) will be paid in cash to all shareholders whose names appear on the register of members of the Company on 14 July 2023 (Friday).

CLOSURE OF REGISTER OF MEMBERS

(i) For determining the entitlement to attend and vote at the 2022 annual general meeting

The Company will convene the 2022 annual general meeting on 12 June 2023 (Monday), and the register of members of the Company will be closed from 6 June 2023 (Tuesday) to 12 June 2023 (Monday) (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending the 2022 annual general meeting of the Company and voting at the meeting, all share transfer documents, accompanied by the relevant share certificates, must be lodged with Tricor Secretaries Limited, the branch share registrar of the Company at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:00 p.m. on 5 June 2023 (Monday).

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

The register of members of the Company will be closed from 10 July 2023 (Monday) to 14 July 2023 (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 transfer documents, accompanied by the relevant share certificates, must be lodged with Tricor Secretaries Limited, the branch share registrar of the Company at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:00 p.m. on 7 July 2023 (Friday). The cheques for dividend payment will be sent to shareholders on or about 25 July 2023 (Tuesday) if the resolution for the proposed final dividend is passed at the annual general meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and outlook

2022 has been an extraordinary and challenging year. The Company's production and operation has faced considerable challenges due to the presisting COVID-19 pandemic, the intensification of geopolitical conflicts and the turbulence in the financial markets caused by successive interest rate hikes in the United States. As a result of a combination of the aforementioned factors, the momentum of global economic growth has reduced, causing a profound impact on the global energy industry as there has been a material adjustment in the pattern of energy supply and demand, resulting in a reduction in demand for oil and gas and wide price fluctuations. In face of the severe and complicated operating situation, the Group actively responded to the difficulties, and focused on strengthening the coordination of its production and operation, reform and development and risk prevention and control to ensure safe and stable production and operation of the Group's operating entities.

Under the proactive deployment and leadership of the Board, in 2022, the Group continued to implement refined management, actively reduced costs and increased efficiency, and strived to explore development opportunities to further expand the scale of the Group's operations. In 2022, the Group has resolved certain historical legacy issues appropriately, effectively mitigated the risks of its operating entities and made adequate provision for the equity of operating entities with indications of impairment in accordance with the principle of fairness and prudence, in order to enhance its capability to withstand future market fluctuations. During the Year, the Company recorded an attributable loss of approximately HK\$261 million in respect of its investment in Vesta Terminal B.V. ("**Vesta**") in Europe due to factors such as the geopolitical conflicts. Also, based on the updated feasibility report of the Batam Island integrated storage and terminal project ("**Batam Project**") in Indonesia ("**Indonesia**"), the Batam Project was found to be economically impractical and the Board of the Company decided to cease to proceed with the Batam Project and made a provision of approximately HK\$630 million for the Company's interest in PT. West Point Terminal ("**PT. West Point**").

In 2022, the Group recorded revenue of approximately HK\$616 million, representing a year-on-year decrease of approximately 3.21%. For the year ended 31 December 2022, the Group's profit for the Year was approximately HK\$403 million, representing a year-on-year decrease of approximately 61.64%, which translates into a profit attributable to equity holders of approximately HK17.49 cents per share. Despite the significant decline in the Group's results for 2022, in order to reward our shareholders for their long-standing support to the Company, and taking into account the Company's cash flow situation and future business development needs, the Board recommended the payment of a cash dividend of HK20 cents per share for 2022 full year, and after deducting the interim cash dividend of HK8 cents per share paid, a final cash dividend of HK12 cents per share for 2022 is recommended, which stays the same as last year.

In 2022, Huade Petrochemical Co., Ltd. ("**Huade Petrochemical**") in Huizhou Daya Bay, a wholly-owned subsidiary of the Company, has continued to implement its refined management, and maintained orderly production and operation and cost control while implementing measures to prevent and control the pandemic. In order to further enhance the scale of its business and increase profitability in the future, Huade Petrochemical has seized the opportunity to enter into a long-term contract with a third party for the use of port facilities, improved its manufacturing process and upgraded its berth to make use of vacant berthing slots for providing tanker unloading services for another third party to increase the

scale of revenue; and reduced the demurrage time of tankers to enhance operating efficiency. In 2022, Huade Petrochemical unloaded crude oil from 90 tankers, with a total of approximately 12.37 million tonnes, representing a year-on-year increase of approximately 5.82% and transmitted approximately 11.31 million tonnes of crude oil, representing a year-on-year decrease of approximately 2.92%. Huade Petrochemical has also recorded segment revenue of approximately HK\$616 million, representing a year-on-year decrease of approximately 3.21%, and the segment results from Huade Petrochemical amounted to approximately HK\$494 million, representing a year-on-year increase of approximately 109.90% as a result of the gain on disposal of assets for the exchange of submarine pipelines.

2022 was the second year in which the Company directly managed its operating entities, namely Zhan Jiang Port Petrochemical Jetty Co., Ltd. (“**Zhan Jiang Port Petrochemical**”), 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 Port Shihua**”) and Tangshan Caofeidian Shihua Crude Oil Terminal Co., Ltd. (“**Caofeidian Shihua**”) (collectively, the “**Six Domestic Terminal Companies**”). In face of the changes in the market and industry environment, the Group insisted on its operation targets, actively urged its operating entities to improve their corporate governance level and optimised the role of the board of directors of each operating entity. The Group has also urged the Six Domestic Terminal Companies to actively explore new markets, improve efficiency and continuously strengthen the control of various costs and expenses. In 2022, under the impact of the pandemic and sluggish demand, the aggregate terminal throughput of the Six Domestic Terminal Companies amounted to approximately 210 million tonnes, representing a year-on-year decrease of approximately 7.08%, and generated a total investment return of approximately HK\$798 million for the Company, representing a year-on-year decrease of approximately 14.19%.

In 2022, the Group’s storage business faced major challenges due to the combination of wide fluctuations of international oil prices, the increased risk of global recession, as well as the impact of adverse factors such as the recurrence of the pandemic. Fujairah Oil Terminal FZC (“**FOT**”), a joint venture of the Company in the Middle East, actively responded to changes in the market, made every effort to develop new markets, overcame the adverse effect of major flooding and quickly repaired facilities to resume production, resulting a low start followed by an uptrend in FOT’s operating situation and an average occupancy rate of approximately 99.3% throughout the Year. In addition, during the Year, we continued the construction of a pipeline network connecting the storage area to the very large crude carrier (“**VLCC**”) terminal at the port to enhance FOT business competitiveness and increase the scale of future revenue and profit. In 2022, FOT generated an investment income of approximately HK\$70.38 million for the Company, a decrease of approximately 27.66% year-on-year.

In 2022, the Company made a provision for the valuation loss in interest in Vesta, a joint venture of the Company, due to the geopolitical conflict which led to an extreme deterioration in the operating environment of Vesta storage area in Estonia and the impact of changes in the regional storage market environment. In order to improve Vesta’s operating condition, Vesta made changes to its management, strengthened its marketing efforts in Estonian storage area, optimised its operating costs and staff structure, and made every effort to control costs and expenses. Nevertheless, the Group’s share of loss in Vesta during the Year amounted to approximately HK\$272 million, which is mainly attributable to the provision for valuation loss amounting to approximately HK\$261 million.

In 2022, based on the updated feasibility study for the Batam Project in Indonesia, due to the impact of energy transition on the traditional oil storage market, and increasing competition in respect of oil storage from the Singaporean region, the Batam Project was economically impractical. Accordingly, the Board has decided not to continue to proceed with the Batam Project. The Group will continue to adopt various effective measures actively to protect the legitimate rights and interests of the Company and its shareholders.

In 2022, the Group's liquefied natural gas (“LNG”) vessel logistics business has overcome the impact of the pandemic, and has continued to maintain stable operation and attained improved economic benefits. The eight LNG vessels has completed a total of 102 voyages during the Year, generating a total investment return of approximately HK\$116 million for the Company, representing a year-on-year increase of approximately 16.35%.

Looking ahead to 2023, despite facing unfavourable factors such as inflation risks, geopolitical conflicts and a slowdown in global economic growth, the change in global COVID-19 pandemic situation and the steady uptrend of the economy of the PRC, has given impetus to the global economic recovery. The Group will seize the opportunities and endeavor to achieve its annual production and operation targets. The Group will also strive to expand its core businesses to promote its sustainable and quality development.

SEGMENT INFORMATION

In 2022, the Group had two business segments, namely the crude oil jetty and storage business and the vessel chartering and logistics business.

For the year ended 31 December 2022, the segment revenue and segment results of the Group's crude oil jetty and storage business were approximately HK\$616,064,000 (2021: HK\$636,517,000) and HK\$1,089,636,000 (2021: HK\$1,062,380,000) respectively, representing a year-on-year decrease of approximately 3.21% and increase of approximately 2.57% respectively. For the year ended 31 December 2022, the segment results of the Group's vessel chartering and logistics business were approximately HK\$116,013,000 (2021: HK\$99,709,000), representing a year-on-year increase of approximately 16.35%. In 2022, despite the impact of the outbreak of COVID-19, coupled with factors such as the Russia-Ukraine conflict and the successive interest rate hikes in the United States, the Group responded actively to the situation by coordinating the prevention and control of the pandemic as well as the production and operation to secure the orderly commencement of various business activities, and ensured safe and stable production and operation of the Group's operating entities. The two business segments maintained stable operations in general. However, due to the provision made by the Company for the investment losses arising from long-term equity investment in Vesta, the segment results of the crude oil jetty and storage business were adversely affected to a certain extent.

OTHER INCOME AND OTHER GAINS, NET

For the year ended 31 December 2022, the Group's other income and other gains, net amounted to approximately HK\$326,856,000 (2021: HK\$79,721,000), representing a year-on-year increase of approximately 310.00%, which was mainly attributable to the one-off gain arising from the disposal of the old submarine crude oil pipeline by Huade Petrochemical during the Year, in exchange for a new submarine pipeline.

IMPAIRMENT LOSS

For the year ended 31 December 2022, the Group's impairment loss amounted to approximately HK\$629,772,000 (2021: HK\$156,551,000), which was mainly attributable to the impairment provision of the non-current assets of PT. West Point following the Company's decision of not to proceed with the Batam Project. For details of the reasons for the impairment loss, please refer to the relevant announcement dated 23 December 2022 published by the Company on the website of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (www.hkexnews.hk) and the website of the Company (www.sinopec.com.hk).

FINANCE INCOME

For the year ended 31 December 2022, the Group's finance income amounted to approximately HK\$77,702,000 (2021: HK\$21,952,000), representing a year-on-year increase of approximately 253.96%, which was mainly attributable to the increase in interest income from deposits as a result of the year-on-year increases in the amount and interest rates of the Group's bank deposits during the Year.

SHARE OF RESULTS OF JOINT VENTURES

For the year ended 31 December 2022, the Group's share of results of joint ventures was approximately HK\$540,403,000 (2021: HK\$901,561,000), representing a year-on-year decrease of approximately 40.06%, which was mainly due to: (i) the Group's share of loss for Vesta as a result of Russia-Ukraine conflict; (ii) a decline in terminal throughput due to the high international oil prices and the recurrent situation of COVID-19 pandemic in China, resulting in the low utilization rate of local refineries.

OPERATING (LOSS)/PROFIT, PROFIT BEFORE INCOME TAX AND PROFIT FOR THE YEAR

For the year ended 31 December 2022, the Group's operating loss amounted to approximately HK\$179,194,000 (2021 operating profit: HK\$52,643,000), which was mainly attributable to the Company's discontinuation of the Batam Project, which required an impairment provision of property, plant and equipment, and right-of-use assets of PT. West Point; the Group's profit before income tax amounted to approximately HK\$609,734,000 (2021: HK\$1,156,943,000), representing a year-on-year decrease of approximately 47.30%; and the Group's profit for the Year amounted to approximately HK\$402,641,000 (2021: HK\$1,049,684,000), representing a year-on-year decrease of approximately 61.64%. The decreases in each of the profit before income tax and profit for the Year were mainly due to an impairment provision made by the Company for the non-current assets of its subsidiary, PT. West Point, and a provision of the investment loss in Vesta during the Year.

INCOME TAX EXPENSES

For the year ended 31 December 2022, the Group's income tax expenses amounted to approximately HK\$207,093,000 (2021: HK\$107,259,000), representing a year-on-year increase of approximately 93.08%, which was mainly attributable to the year-on-year increase in taxable profit as a result of the one-off gain arising from the disposal of the submarine crude oil pipeline by Huade Petrochemical.

RIGHT-OF-USE ASSETS

As at 31 December 2022, the Group's right-of-use assets amounted to approximately HK\$66,946,000 (31 December 2021: HK\$590,985,000), representing a decrease of approximately 88.67% as compared with the end of last year, which was mainly due to an impairment provision made by the Group of its right-of-use assets regarding PT. West Point.

PREPAYMENT

As at 31 December 2022, the Group's prepayment amounted to approximately HK\$1,887,000 (as at 31 December 2021: HK\$847,000), representing an increase of approximately 122.79% as compared with the end of last year, which was mainly attributable to the increase in the long-term deferred expenses related to the navigation channel dredging fee of Huade Petrochemical.

TRADE AND OTHER RECEIVABLES

As at 31 December 2022, the Group's trade and other receivables amounted to approximately HK\$590,647,000 (as at 31 December 2021: HK\$1,621,698,000), representing a decrease of approximately 63.58% as compared with the end of last year, which was mainly attributable to the receipt of dividend receivable as at the end of last year by the Company from its joint venture during the Year.

LIQUIDITY AND SOURCE OF FINANCE

As at 31 December 2022, the Group's cash and cash equivalents and time deposit with original maturity of more than three months aggregately amounted to approximately HK\$5,490,097,000 (as at 31 December 2021: HK\$4,197,541,000), representing an increase of approximately 30.79% as compared with the end of last year, which was mainly attributable to the increase in cash dividends distributed by the operating entities of the Company.

CURRENT RATIO AND LIABILITIES TO ASSETS RATIO

As at 31 December 2022, the Group's current ratio (current assets to current liabilities) was approximately 26.02 (as at 31 December 2021: 24.34), and its liabilities to assets ratio (total liabilities to total assets) was approximately 3.21% (as at 31 December 2021: 2.82%).

GOVERNMENT GRANTS

As at 31 December 2022, the Group's government grants amounted to approximately HK\$53,714,000 (as at 31 December 2021: HK\$14,909,000), representing an increase of approximately 260.28% as compared with the end of last year, which was mainly attributable to grants received by Huade Petrochemical from the local government as a result of government land planning.

LEASE LIABILITIES

As at 31 December 2022, the Group's lease liabilities amounted to approximately HK\$35,020,000 (as at 31 December 2021: HK\$22,812,000), representing an increase of approximately 53.52% as compared with the end of last year. The increase in lease liabilities was mainly attributable to the relocation of the submarine crude oil pipeline resulted in an additional lease liability for sea use rights for Huade Petrochemical during the Year.

TRADE AND OTHER PAYABLES

As at 31 December 2022, the Group's trade and other payables amounted to approximately HK\$143,301,000 (as at 31 December 2021: HK\$213,105,000), representing a decrease of approximately 32.76% as compared with the end of last year, which was mainly attributable to Huade Petrochemical's payment during the Year for the submarine crude oil pipeline relocation project which was listed as trade and other payables at the end of last year.

INCOME TAX PAYABLE

As at 31 December 2022, the Group's income tax payable amounted to approximately HK\$83,412,000 (as at 31 December 2021: HK\$19,259,000), representing an increase of approximately 333.11% as compared with the end of last year, which was mainly attributable to the year-on-year increase in taxable profit as a result of the gains arising from the disposal of the submarine crude oil pipeline by Huade Petrochemical.

SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSAL

Save as disclosed in this announcement, for the year ended 31 December 2022, the Company did not have any significant investment, acquisition and disposal.

EXCHANGE RATE RISK

The Company is engaged in petrochemical storage, jetty and logistics businesses in places including the PRC, Europe and United Arab Emirates through its subsidiaries, associates and joint ventures, which generate operating income in RMB, Euro and US\$ respectively. As the exchange rates of RMB, Euro and US\$ against HK\$ fluctuate, the Group faces exchange rate risk to a certain extent.

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

ABOUT THE BATAM PROJECT

On 9 October 2012, the Company acquired 95% of the shares of PT. West Point through Sinomart Development, its wholly-owned subsidiary, and proposed to invest in and construct the Batam Project in Indonesia via PT. West Point. Due to the minority shareholder from Indonesia, the project entered into 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 the second half of 2021, the Group has engaged two consulting agencies, which were responsible for the oil storage and jetty of the project respectively, to jointly prepare an updated feasibility study report, thereby providing basis for subsequent decisions on the project.

According to the feasibility report, the Batam Project was economically impractical due to factors including (a) the long-term impact of energy transition on the traditional oil storage market; and (b) increasing competition in respect of oil storage from the Singaporean region. Accordingly, the Board has in principle decided not to continue to proceed with the Batam 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 details, please refer to the relevant announcements dated 25 April 2010, 9 October 2012, 15 November 2016, 21 March 2017, 6 December 2019 and 23 December 2022 published by the Company on the website of the Stock Exchange and the website of the Company.

EMPLOYEES, EMOLUMENT POLICIES AND TRAINING

As at 31 December 2022, the Group had a total of 228 employees. The Company adheres to the philosophy of diversity and equal opportunities in employee recruitment, striving to ensure that the number of employees of different genders satisfies the Company's development needs. For specific proportions of employees by gender, please refer to the Environmental, Social and Governance Report of the Group. Remuneration packages of employees, including basic salaries, bonuses and benefits-in-kind, are structured by reference to market terms and trends of human resources costs in various regions as well as employees' contributions based on performance appraisals. Subject to the profit of the Group and the performance of employees, the Group also provides discretionary bonuses to employees as an incentive for their greater contributions. In addition, the Group also makes contributions to the Mandatory Provident Fund Schemes in Hong Kong and the retirement benefit schemes in the PRC established for its Hong Kong employees and Chinese employees respectively in accordance with local laws and regulations.

In 2022, the Group organized and carried out training activities on anti-corruption laws and regulations, management of network security and caring for mental health of employees, etc. For details, please refer to the Environmental, Social and Governance Report of the Group. Save for disclosed above, as of the year ended 31 December 2022, the Company has not entered into and implemented any long-term incentive schemes.

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 16 June 2022, the Company convened the annual general meeting. Affected by the COVID-19 pandemic control measures, Mr. Chen Yaohuan, the Chairman of the Board, was not able to come to Hong Kong to attend and preside at the annual general meeting as required under Code Provision F.2.2 of the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities (“**Listing Rules**”) on the Stock Exchange (the “**Corporate Governance Code**”). Pursuant to Bye-law 71 of the Bye-laws of the Company (applicable to the Company on 16 June 2022) and as elected by the attending Directors, Mr. Sang Jinghua, an executive Director and the General Manager, presided at the annual general meeting.

Save as disclosed above, the Company strictly complied with all the principles and relevant provisions set out in the Corporate Governance Code in respect of its corporate governance structure and day-to-day corporate governance activities for the year ended 31 December 2022.

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

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The financial figures in respect of the Group’s consolidated statement of financial position, consolidated income statement and consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this annual results announcement have been agreed by the Group’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on this announcement.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there was no other significant event occurred subsequent to 31 December 2022 and up to the date of this announcement.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee comprises four independent non-executive Directors. The Audit Committee is responsible for reviewing the accounting standards and practices, audit, internal control, 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 such results to the Board for approval.

REMUNERATION COMMITTEE

As at the date of this announcement, the remuneration committee of the Company (the “**Remuneration Committee**”) comprises 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**”) comprises 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 as 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 standards set out in the Model Code during the year ended 31 December 2022.

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

This annual results announcement is, and the annual report of the Company will be, published and available for viewing on the websites of the Stock Exchange and the Company respectively.

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

Hong Kong, 23 March 2023

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 purpose only*