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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 2015

The board (the “**Board**”) of directors (the “**Directors**”) of Sinopec Kantons Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2015 together with the comparative figures for the previous financial year. The financial information in the announcement (including the comparative information of same period of 2014) is extracted from the 2015 financial statements^{Note}, which have been audited by PricewaterhouseCoopers and reviewed by the audit committee of the Company.

Note: On 31 December 2015, the Group officially completed the acquisition of 100% equity interest in Sinopec Yu Ji Pipeline Company Limited (“**Yu Ji Pipeline Company**”). Since the Group and Yu Ji Pipeline Company are both under the common control of China Petrochemical Corporation (“**Sinopec Group**”), as such, the acquisition is deemed as business combinations under common control. In accordance with Hong Kong Financial Reporting Standards, the comparative financial information of the 2015 financial statements has been restated, so as to reflect the effect of the combination of Yu Ji Pipeline Company into the Group.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000 (Restated)
Revenue	3, 4	2,043,630	20,669,579
Cost of sales	6	(1,204,618)	(19,753,548)
Gross profit		839,012	916,031
Other income and other gains, net	5	55,478	72,973
Distribution costs	6	(25,598)	(26,379)
Administrative expenses	6	(138,519)	(149,727)
Operating profit		730,373	812,898
Finance income		14,649	21,470
Finance expenses		(198,140)	(219,469)
Finance expenses, net		(183,491)	(197,999)
Share of results of:			
–Associated companies		117,865	103,506
–Joint ventures		553,901	489,948
		671,766	593,454
Profit before income tax		1,218,648	1,208,353
Income tax expenses	7	(191,730)	(190,270)
Profit for the year		1,026,918	1,018,083
Profit attributable to:			
Equity holders of the Company		1,026,852	1,018,364
Non-controlling interest		66	(281)
		1,026,918	1,018,083
Basic and diluted earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share)	8	41.30	40.96

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
Profit for the year	1,026,918	1,018,083
Other comprehensive income for the year:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on currency translation		
–Subsidiaries	(226,074)	(37,835)
–Associated companies	(39,624)	(2,000)
–Joint ventures	(385,595)	(191,211)
Other comprehensive income for the year, net of tax	(651,293)	(231,046)
Total comprehensive income for the year	375,625	787,037
Total comprehensive income attributable to:		
Equity holders of the Company	375,559	787,318
Non-controlling interest	66	(281)
Total comprehensive income for the year	375,625	787,037

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	<i>Note</i>	2015 HK\$'000	2014 HK\$'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment		7,575,508	8,302,004
Investment properties		68,062	29,389
Prepaid land lease payments		708,797	747,153
Prepayment and other receivables		137,356	109,393
Interests in associated companies		678,586	686,650
Interests in joint ventures		6,378,616	6,124,978
Total non-current assets		15,546,925	15,999,567
Current assets			
Inventories		21,261	23,850
Trade and other receivables	9	988,236	1,430,135
Cash and cash equivalents		1,057,732	798,867
Total current assets		2,067,229	2,252,852
Total assets		17,614,154	18,252,419
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		248,616	248,616
Reserves		9,124,813	12,216,719
Equity attributable to equity holders of the Company		9,373,429	12,465,335
Non-controlling interest		38,665	38,599
Total equity		9,412,094	12,503,934

	<i>Note</i>	2015 HK\$'000	2014 HK\$'000 (Restated)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		95,695	103,340
Borrowings		3,938,982	4,183,199
Government grant		4,667	4,956
Total non-current liabilities		4,039,344	4,291,495
Current liabilities			
Trade and other payables	<i>11</i>	4,139,948	1,451,010
Income tax payable		22,768	5,980
Total current liabilities		4,162,716	1,456,990
Total liabilities		8,202,060	5,748,485
Total equity and liabilities		17,614,154	18,252,419
Net current (liabilities)/assets		(2,095,487)	795,862
Total assets less current liabilities		13,451,438	16,795,429

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**”) is principally engaged in the trading of crude oil and oil products, provision of natural gas pipeline transmission services, operation of crude oil and oil products terminals and ancillary facilities, provision of logistics services including storage, logistics, transportation and terminal services and the distribution of oil and oil products and international logistics agency services on global basis.

These financial statements are presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated. These financial statements have been approved for issue by the Board on 22 March 2016.

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**”).

2 Basis of preparation

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

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

2.1 Going concern

As at 31 December 2015, the Group had net current liabilities of approximately HK\$2,095,487,000, which was primarily due to recognition of payable of consideration upon completion of the acquisition of the entire equity interest in Yu Ji Pipeline Company in December 2015. In February 2016, the Group has settled the payable by way of cash and drawn down of approximately HK\$2,315,000,000 of the short-term revolving facility.

The board of directors of the Company has considered, among others, internally generated funds and financial resources available to the Group in the adoption of going concern basis in the preparation of the financial statements. In December 2015, the Group has renewed the short-term revolving facility of US\$500,000,000 (equivalent to approximately HK\$3,900,000,000) provided by Sinopec Century Bright Capital Investment Limited (“**Century Bright**”), a related financial institution, expiring on 24 December 2016. Subject to fulfillment of certain conditions, Century Bright has confirmed their intention that without unforeseen situation, approval of renewal of the short-term facility is expected.

Based on the above, the directors of the Company believe that the Group will have adequate resources to continue its operations for the foreseeable future for a period that is not less than 12 months from 31 December 2015. Accordingly, the directors of the Company continue adopting the going concern basis in preparing these consolidated financial statements.

2.2 Changes in accounting policy and disclosures

(a) Amended standards and amendments adopted by the Group

The following amendments have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015:

Annual improvements project	Annual improvements to HKFRSs 2010-2012 cycle
Annual improvements project	Annual improvements to HKFRSs 2011-2013 cycle

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

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2015 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

HKAS 19 (2011) (amendment)	Defined benefit plans: employee contributions
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(c) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted

The following standards, amendments to standards and interpretation have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2015 or later periods, but the Group has not early adopted them:

		Effective for accounting periods beginning on or after
HKAS 1 (amendment)	Disclosure initiative	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (amendment)	Investment entities: applying the consolidation exception	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 11 (amendment)	Accounting for acquisitions of interests in joint operation	1 January 2016
HKAS 16 and HKAS 38 (amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41 (amendment)	Agriculture: bearer plants	1 January 2016
HKFRS 10 and HKAS 28 (amendment)	Sale or contribution of assets between and investor and its associate or joint venture	To be determined by the IASB
HKAS 27 (amendment)	Equity method in separate financial statements	1 January 2016
Annual improvements project	Annual improvements to HKFRSs 2012-2014 cycle	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial instruments	1 January 2018

The Group has not early adopted the new standards, amendments to standards and interpretation, which have been issued but are not effective for the financial year beginning 1 January 2015. The Group has commenced an assessment of the related impact, but is not yet in a position to state whether any substantial changes to the Group's accounting policies and presentation of the financial information will be resulted.

(d) *New Hong Kong Companies Ordinance (Cap.622)*

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

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 most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified four reportable segments, namely trading of crude oil, rendering of crude oil jetty services, rendering of vessel chartering services and rendering of natural gas pipeline transmission services. No operating segments have been aggregated to form the reportable segments.

- Trading of crude oil: The Group trades crude oil. Majority of the trading activities were carried out in Hong Kong and the People's Republic of China (the "PRC").
- Crude oil jetty services: The Group provides crude oil transportation, unloading, storage and other jetty services for oil tankers. Currently, the Group's activities are carried out in the PRC.
- Vessel chartering services: The Group provides vessel chartering services for crude oil transportation and floating oil storage facilities for oil tankers. Currently, the Group's activities are mainly carried out in the Middle East and the PRC.
- Natural gas pipeline transmission services: The Group provides transmission services through its natural gas pipelines located in the PRC.

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

Segment assets consist primarily of property, plant and equipment, certain prepaid land lease payments, inventories and trade and other receivables. Segment liabilities consist primarily of trade and other payables, government grant and borrowings.

(a) Segment results, assets and liabilities

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment crude oil jetty services, assistance provided by one segment to another, including sharing of assets are included as unallocated income/costs.

The measure used for reporting segment profit is “segment results”. Segment results include the operating profit generated by the segment and finance expenses directly attributable to the segment. Items that are not specifically attributed to individual segments, such as unallocated other income, unallocated other finance income, unallocated depreciation and amortisation, unallocated finance expenses, share of results of associated companies and joint ventures and other corporate costs or income are excluded from segment operating profit.

In addition to receiving segment information concerning segment operating profit, management is also provided with segment information concerning revenue, bank interest income, finance expenses, depreciation and amortisation and capital expenditures used by the segments in their operations. Inter-segment revenue is priced with reference to prices charged to external parties for similar orders.

Information regarding the Group’s reportable segments as provided to the Group’s most senior executive management for the purposes of resource allocation and assessment of segment performance is set out as follow:

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

Year ended 31 December 2015

	Trading of crude oil (Note) HK\$'000	Crude oil jetty services HK\$'000	Vessel chartering services HK\$'000	Natural gas pipeline transmission services HK\$'000	Inter- segment elimination HK\$'000	Total HK\$'000
Segment revenue and results						
Segment revenue	–	613,975	224,588	1,205,067	–	2,043,630
Inter-segment revenue	–	–	–	–	–	–
Revenue	–	613,975	224,588	1,205,067	–	2,043,630
Segment results	–	232,094	42,682	338,627	–	613,403
Share of results of associated companies						117,865
Share of results of joint ventures						553,901
Unallocated other corporate income						(66,521)
Profit before income tax						1,218,648
Income tax expenses						(191,730)
Profit for the year						1,026,918
Other segment items						
Bank interest income	–	327	13,270	1,005	–	14,602
Depreciation and amortisation	–	(178,386)	(1,421)	(370,674)	–	(550,481)
Capital expenditures	–	176,523	22	136,662	–	313,207

As at 31 December 2015

	Trading of crude oil (Note) <i>HK\$'000</i>	Crude oil jetty services <i>HK\$'000</i>	Vessel chartering services <i>HK\$'000</i>	Natural gas pipeline transmission services <i>HK\$'000</i>	Inter- segment elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets						
Segment assets	–	2,161,261	127,449	6,504,148	–	8,792,858
Unallocated assets						
– Cash and cash equivalents						1,057,732
– Trade and other receivables						1,151
– Investment properties						68,062
– Interests in associated companies						678,586
– Interests in joint ventures						6,378,616
– Prepaid land lease payments						637,149
Total assets						17,614,154
Liabilities						
Segment liabilities	–	112,693	3,144,082	4,206,716	–	7,463,491
Unallocated liabilities						
– Trade and other payables						642,874
– Deferred income tax liabilities						95,695
Total liabilities						8,202,060

Note: During the year ended 31 December 2015, the Group has terminated the previous trading activities and is actively exploring other possible types of trading which can be better aligned with the Group's business strategy.

(ii) As at and for the year ended 31 December 2014:

Year ended 31 December 2014

	Trading of crude oil <i>HK\$'000</i>	Crude oil jetty services <i>HK\$'000</i>	Vessel chartering services <i>HK\$'000</i>	Natural gas pipeline transmission services <i>HK\$'000</i> (Restated)	Inter- segment elimination <i>HK\$'000</i>	Total <i>HK\$'000</i> (Restated)
Segment revenue and results						
Segment revenue	18,307,184	626,725	292,522	1,445,945	(2,797)	20,669,579
Inter-segment revenue	–	(2,797)	–	–	2,797	–
	<u>18,307,184</u>	<u>623,928</u>	<u>292,522</u>	<u>1,445,945</u>	<u>–</u>	<u>20,669,579</u>
Revenue	<u>18,307,184</u>	<u>623,928</u>	<u>292,522</u>	<u>1,445,945</u>	<u>–</u>	<u>20,669,579</u>
Segment results	(23,904)	235,424	(32,953)	424,413	–	602,980
Share of results of associated companies						103,506
Share of results of joint ventures						489,948
Unallocated other corporate income						11,919
						<u>1,208,353</u>
Profit before income tax						<u>1,208,353</u>
Income tax expenses						(190,270)
						<u>1,018,083</u>
Profit for the year						<u>1,018,083</u>
Other segment items						
Bank interest income	–	460	–	78	–	538
Depreciation and amortisation	(716)	(178,284)	(715)	(371,334)	–	(551,049)
Capital expenditures	18	218,637	19	683,285	–	901,959
	<u>18</u>	<u>218,637</u>	<u>19</u>	<u>683,285</u>	<u>–</u>	<u>901,959</u>

As at 31 December 2014

	Trading of crude oil <i>HK\$'000</i>	Crude oil jetty services <i>HK\$'000</i>	Vessel chartering services <i>HK\$'000</i>	Natural gas pipeline transmission services <i>HK\$'000</i> (Restated)	Inter- segment elimination <i>HK\$'000</i>	Total <i>HK\$'000</i> (Restated)
Assets						
Segment assets	357,613	2,536,094	366,808	6,691,994	–	9,952,509
Unallocated assets						
– Cash and cash equivalents						798,867
– Investment properties						29,389
– Interests in associated companies						686,650
– Interests in joint ventures						6,124,978
– Prepaid land lease payments						660,026
Total assets						<u>18,252,419</u>
Liabilities						
Segment liabilities	350,303	162,638	350,303	4,468,551	–	5,331,795
Unallocated liabilities						
– Trade and other payables						313,350
– Deferred income tax liabilities						103,340
Total liabilities						<u>5,748,485</u>

(b) Analysis of information by geographical regions

Revenue

During the year ended 31 December 2015, the Group's revenue was mainly from customers located in the PRC and Hong Kong, which were HK\$1,819,042,000 (2014: HK\$2,752,472,000) and HK\$224,588,000 (2014: HK\$17,917,107,000) respectively.

Non-current assets

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
The PRC	12,258,775	12,880,223
Europe	1,271,854	1,364,864
Indonesia	724,116	725,011
Hong Kong	686,716	451,001
United Arab Emirates	604,577	577,531
Others	887	937
	<u>15,546,925</u>	<u>15,999,567</u>

Total assets

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
The PRC	13,282,227	13,737,092
Europe	1,271,854	1,364,864
Indonesia	833,071	817,980
Hong Kong	1,621,538	1,754,015
United Arab Emirates	604,577	577,531
Others	887	937
	<u>17,614,154</u>	<u>18,252,419</u>

(c) Major customers

For the purpose of disclosure under segment reporting, one (2014: one customer (including Sinopec Gas Company, China International United Petroleum & Chemical Co., Ltd, UNIPEC ASIA COMPANY LIMITED and China Petroleum & Chemical Corporation Guangzhou Branch) customer (including Sinopec Gas Company, UNIPEC ASIA COMPANY LIMITED and China Petroleum & Chemical Corporation Guangzhou Branch) from trading of crude oil, crude oil jetty services, vessel chartering services and natural gas pipeline transmission services has transactions that exceeded 10% of the Group's revenue, amounting to HK\$1,957,918,000 (2014: HK\$20,620,290,000). This customer mainly operates in the PRC.

(d) Capital expenditures

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
Hong Kong	22	37
The PRC	313,185	901,922
	<u>313,207</u>	<u>901,959</u>

4 Revenue

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
Sales of goods:		
– Trading of crude oil	–	18,307,184
Provision of services:		
– Crude oil jetty services	613,975	623,928
– Vessel chartering services	224,588	292,522
– Natural gas pipeline transmission services	1,205,067	1,445,945
	<u>2,043,630</u>	<u>2,362,395</u>
	<u>2,043,630</u>	<u>20,669,579</u>

The principal activities of the Group are trading of crude oil and provision of crude oil jetty, vessel chartering services and natural gas pipeline transmission services.

Revenue represents the sales value of goods supplied to customers and income from providing crude oil jetty services, vessel chartering services and natural gas pipeline transmission services, net of valued added tax (“VAT”).

5 Other income and other gains, net

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
Other income:		
– Rental income from investment properties	6,083	1,913
– Interest income from loan to:		
– An associated company	2,748	1,367
– A joint venture	11,775	5,150
– Management fee income from a joint venture	841	–
	<u>21,447</u>	<u>8,430</u>
Other gains/(losses):		
– Net foreign exchange loss	(39,170)	(311)
– Net loss on disposal of property, plant and equipment	(2,721)	(123,028)
– Government grant		
– VAT refund	73,737	91,730
– others	2,056	94,676
– Others	129	1,476
	<u>34,031</u>	<u>64,543</u>
	<u>55,478</u>	<u>72,973</u>

6 Expenses by nature

	2015 HK\$'000	2014 HK\$'000 (Restated)
Cost of inventories sold		
– Trading of crude oil	–	18,300,182
– Vessel chartering services	53,553	126,634
Depreciation		
– Properties, plant and equipment	535,395	539,358
– Investment properties	4,054	1,351
Amortisation of prepaid land lease payments	14,311	11,691
Employee benefit expenses (including directors' remuneration)	148,265	135,435
Auditor's remuneration		
– the Company	2,237	2,110
– subsidiaries	2,743	1,309
Expenses relating to investment properties	938	271
Operating lease charges: minimum lease payments		
– hire of other assets (including property rentals)	116,594	112,811
– hire of vessels	76,743	136,692
	<u> </u>	<u> </u>

7 Income tax expenses

	Note	2015 HK\$'000	2014 HK\$'000 (Restated)
Current income tax:			
– PRC enterprise income tax	(c)	139,336	160,226
– Hong Kong profits tax	(b)	2,115	–
– Withholding tax	(d)	51,497	23,995
		<u> </u>	<u> </u>
		192,948	184,221
Deferred income tax (credited)/charged to income statement		<u>(1,218)</u>	<u>6,049</u>
		<u> </u>	<u> </u>
		191,730	190,270

(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% (2014: 16.5%) on the estimated assessable profit for the year.

- (c) Profits tax for PRC and overseas subsidiaries are calculated as the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.
- (d) Dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 in the PRC is subject to withholding income tax at a tax rate of 5% or 10%. During the year, withholding income tax was provided for relevant portion of undistributed profits of the Group's subsidiaries, joint ventures and associated companies established in the PRC at tax rates of 5% or 10% (2014: 5% or 10%).
- (e) The tax on the Group's profit before income tax less share of results of joint ventures and associated companies differs from the theoretical amount that would arise using the principal applicable tax rate as follows:

	2015 HK\$'000	2014 HK\$'000 (Restated)
Profit before income tax	1,218,648	1,208,353
Less: Share of results of associated companies	(117,865)	(103,506)
Share of results of joint ventures	(553,901)	(489,948)
	546,882	614,899
Tax calculated at applicable tax rates in respective countries	138,296	157,304
Income not subject to tax	(36,449)	(52,638)
Expenses not deductible for tax purposes	54,135	45,490
Withholding tax	51,497	23,995
Under-provision in prior years	1,048	–
Utilisation of previously unrecognised tax loss	(951)	(833)
Tax losses for which no deferred income tax asset was recognised	12,772	10,903
Deferred income tax on undistributed profits	(28,618)	6,049
Income tax expenses	191,730	190,270

8 Earnings per share

	2015	2014 (Restated)
Profit attributable to equity holders of the Company (HK\$'000)	1,026,852	1,018,364
Weighted average number of ordinary shares (shares'000)	2,486,160	2,486,160
Basic earnings per share (HK cents per share)	41.30	40.96

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
Trade receivables		
– An intermediate holding company and fellow subsidiaries	298,071	1,161,323
– Others	1,335	2,723
	<u>299,406</u>	<u>1,164,046</u>
Other receivables		
– An intermediate holding company and fellow subsidiaries	620,881	239,707
– Management fee receivable from a joint venture	841	–
– Bills receivables	32,705	–
– Others	34,403	26,382
	<u>688,830</u>	<u>266,089</u>
	<u><u>988,236</u></u>	<u><u>1,430,135</u></u>

All of the trade and other receivables are expected to be recovered within one year.

Trade receivables including amounts due from an intermediate holding company, fellow subsidiaries and third parties, are due within 30 to 90 days from the date of billing.

The amounts due from an intermediate holding company and fellow subsidiaries and dividend receivable are unsecured and interest free and there are no history of default.

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
Within 1 month	76,410	729,741
1 to 2 months	48,782	29,382
2 to 3 months	20,231	30,469
Over 3 months but less than 12 months	153,983	374,454
	<u>299,406</u>	<u>1,164,046</u>

10 Dividends

	2015 HK\$'000	2014 HK\$'000
Interim dividend declared and paid of HK2.5 cents (2014: HK2.5 cents) per ordinary share	62,154	62,154
Final dividend proposed HK2.5 cents (2014: HK2.5 cents) per ordinary share	62,154	62,154
	<u>124,308</u>	<u>124,308</u>

A final dividend in respect of the year ended 31 December 2015 of HK2.5 cents per share, amounting to a total dividend of HK\$62,154,000 is to be proposed at the annual general meeting on 7 June 2016. These financial statements do not reflect this dividend payable.

11 Trade and other payables

	2015 HK\$'000	2014 HK\$'000 (Restated)
Trade payables		
– Fellow subsidiaries	12,299	18,330
– Others	64,925	739,259
	<u>77,224</u>	<u>757,589</u>
Other payables		
– Amounts due to an immediate company, an intermediate holding company and fellow subsidiaries	810,566	466,011
– Creditors and accrued charges	146,796	162,965
– Land lease payable	29,517	32,078
– Consideration payable in connection with acquisition of:		
– A joint venture	–	32,367
– A subsidiary (Note 2)	3,075,845	–
	<u>4,062,724</u>	<u>693,421</u>
	<u>4,139,948</u>	<u>1,451,010</u>

The amounts due to an immediate company, an intermediate holding company and fellow subsidiaries are unsecured and interest free. The amounts due to an immediate company, an intermediate holding company and fellow subsidiaries arising from non-trade related transactions are repayable with a credit term of 30 days and repayable on demand respectively.

Land lease payable represents the consideration payable for the land for the development of oil storage business in Indonesia.

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

	2015 HK\$'000	2014 HK\$'000 (Restated)
Due within 1 month or on demand	77,158	757,523
Due after 1 month but within 3 months	66	66
	<u>77,224</u>	<u>757,589</u>

12 Commitments

- (a) As at 31 December 2015, the outstanding capital commitments not provided for in the financial statements were as follows:

	2015 HK\$'000	2014 HK\$'000 (Restated)
Contracted for but not provided for	476,119	4,088,358
Authorised but not contracted for	332,961	320,120
	<u>809,080</u>	<u>4,408,478</u>

- (b) At 31 December 2015, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	2015 HK\$'000	2014 HK\$'000 (Restated)
Within 1 year	131,837	133,397
After 1 year but within 5 years	65,207	188,323
After 5 years	17,798	20,943
	<u>214,842</u>	<u>342,663</u>

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

The total of future minimum sublease payments expected to be received under non-cancellable subleases at the end of the reporting period amounted to HK\$36,503,000 (2014: HK\$15,517,000) and were expected to be received in one year.

FINAL DIVIDEND

The board declared a dividend of HK\$0.050 per share payable in cash for the whole year of 2015 (2014: HK\$0.050), excluding the interim dividend of HK\$0.025 per share in cash for 2015 paid on 16 October 2015 (2014: HK\$0.025 per share), the final dividend of HK\$0.025 per share in cash for 2015 (2014: HK\$0.025 per share) will be paid to all the shareholders whose names appear in the register of the members of the Company on 30 June 2016 (Thursday).

CLOSURE OF REGISTER OF MEMBERS

(i) For determining the entitlement to attend and vote at the 2015 Annual General Meeting

The Company will convene the 2015 Annual General Meeting on 7 June 2016 (Tuesday), and the register of members of the Company will be closed from 1 June 2016 (Wednesday) to 7 June 2016 (Tuesday) (both days inclusive). In order to qualify for attending the 2015 Annual General Meeting of the Company and cast votes at the meeting, all share transfers, accompanied by the relevant share certificates, must be lodged with Tricor Secretaries Limited, the branch share registrar of the Company at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on 31 May 2016 (Tuesday).

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

The register of members of the Company will be closed from 24 June 2016 (Friday) to 30 June 2016 (Thursday) (both days inclusive) during which period no transfer of shares can be registered. In order to qualify for the proposed final dividend, all share transfers, accompanied by the relevant share certificates, must be lodged with Tricor Secretaries Limited, the branch share registrars of the Company at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on 23 June 2016 (Thursday). The cheques for dividend payment will be sent to shareholders on or about 8 July 2016 (Friday).

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and outlook

In 2015, the global economy turned more fragmented with in-depth adjustments underway. The economies of developed countries, led by the U.S., have recovered to a certain extent while the economies of many emerging markets have slowed down. Facing complicated macroeconomic conditions, the Company continued to implement its established business strategy to proactively expand the storage and logistics services and completed the acquisition of Yu Ji Pipeline Company within the year, so as to take a giant step towards strengthening and enlarging the storage and logistics services. In addition, in order to focus on expanding the storage and logistics services, the Company temporarily ceased crude oil trading business in 2015, which the Company had conducted for many years. In the normal course of business, the Company highly emphasized on safe production and implemented a series of targeted safety measures; through strengthening institutional build-up and risk control system, the Company endeavored to minimize any risks which may be incurred during operational processes, so as to ensure safe and stable operations of the Company and its various subsidiaries and joint ventures. In 2015, despite that revenue of the Group was only approximately HK\$2,044 million, representing a decrease of approximately 90.11% as compared with last year due to not commencing crude oil trading business. However, as a result of the oil terminals' continual growth and the vessel charter business becoming profitable, the consolidated net profit (including Yi Ji Pipeline Company) was approximately HK\$1,027 million, representing an increase of approximately 0.87% as compared with last year.

To further expand our business scale and strengthen the operational capacity, on 10 February 2015, the acquisition of the entire equity interests of Yu Ji Pipeline Company held by China Petroleum & Chemical Corporation (“**Sinopec Corp.**”) was approved at the special general meeting of the Company. Since the acquisition requires the approvals from many government departments, including the PRC local governments and the central government, the approval process is long and difficult to coordinate. In order to meet shareholders' expectations and complete the acquisition as early as possible, in 2015, the Company proactively strengthened the communication and liaison with relevant PRC Government authorities. The Company completed all governmental approval procedures of acquiring Yu Ji Pipeline Company on 31 December 2015, and Yu Ji Pipeline Company in turn officially became an indirect wholly-owned subsidiary of the Company. As natural gas is one of the highlighted clean energies promoted by the PRC Government with great development potential in future, the acquisition of Yu Ji Pipeline Company will enable the Company to further expand its scopes of business to the field of natural gas. In particular, upon the completion of the expansion of Yu Ji Pipeline, the transmission capacity of pipeline is expected to increase significantly, which is vitally beneficial to the enhancement of the Group's core business competitiveness and further improvement of the Group's profitability.

In February 2015, the 1.155 million m³ oil storage project in Fujairah, United Arab Emirates (“**UAE**”) (the “**Fujairah Project**”) invested and constructed by the Company officially commenced operation. Since safety risks generally are higher during the initial operation stage of oil storage projects, the Company spared no effort in organizing relevant professional teams to conduct numerous safety inspections of the Fujairah Project, closely followed up and urged the joint venture to rectify hidden risks, to ensure the safety operation of the storage facilities. In order to enhance the economic benefits of the project after the project is launched, the Company actively helped the oil storage company in Fujairah develop its marketing business to increase the leasing of oil tanks and maintain a high level of utilization rate. In addition, the Company was keen to assist the oil storage company in Fujairah to complete the refinancing. This not only reduced the financing cost and eased the pressure on loan repayment of the joint venture company, but also eliminated the shareholders’ obligation under the original credit agreement to subsidize the differences in the oil tanks’ rates paid by the joint venture company. In 2015, the two construction projects of liquefied natural gas (“**LNG**”) vessels progressed smoothly on schedule. PAPUA, the first vessel under the Papua New Guinea LNG Project (“**PNGLNG**”), was officially put into operation in January 2015 upon the completion of construction. It had carried out 12 rounds of LNG transportation for the whole year. The second vessel under PNGLNG at present is in the final construction stage and expected to become operational upon delivery in April 2016. The vessel construction under the Australia Pacific LNG project (“**APLNG**”) was carried out in two phases, and the first phase involved the construction of six 174,000 m³ LNG vessels. Construction of the six vessels all started in 2015, among them three vessels were undergoing vessel outfitting works and the other three vessels have entered the dock. The completion of construction and subsequent delivery of the LNG vessels will likely become a new focus of profit growth of the Group. In 2015, regarding the 2.6 million m³ oil storage tank and terminal facility in Indonesia via the PT. West Point Terminal joint venture (the “**Batam Project**”) invested by the Company, due to the differences between shareholders on the management philosophy, the project cannot move forward smoothly, and the project construction progress slowed down. The Company will actively take responsive measures to carry out the project and to protect our shareholders’ interests.

In 2015, Huade Petrochemical Company Ltd (“**Huade Petrochemical**”), a wholly-owned subsidiary of the Company, on one hand, continued its devotion in organizing construction of the fuel oil storage project, and on the other hand, strengthened the safety management of production to ensure the safe and stable operation of the terminal and storage facilities. Affected by the refinery equipment maintenance of Guangzhou Branch of Sinopec Corp., its downstream customer, a total of 89 oil tankers berthed with approximately 12.13 million tonnes of crude oil unloaded for the full year, representing a decrease of approximately 4.19% as compared with last year; approximately 12.06 million tonnes of crude oil were transmitted, representing a decrease of approximately 4.51%; and segment profit of approximately HK\$232 million were realized, representing a decrease of approximately 1.41% as compared with last year. In 2015, the vessel charter business of Sinomart KTS Development Limited (“**Sinomart Development**”), a wholly-owned subsidiary of the Company, fully utilized timing of favorable opportunity of short rebound of the crude oil tanker market, turned profitable and achieved better operating results by keeping abreast of the developing trend of the chartered vessel market and reasonably adjusting the charter period. During the year, Sinomart Development completed a total of seven chartered voyages and delivered crude oil volume of approximately 1.90 million tonnes, generating segment profit of approximately HK\$42.68 million for the vessel charter segment. In 2015, driven by the factors such as the gradual relaxation of crude oil importing rights to local refineries by the PRC

government, the throughput volume of oil terminal associate companies and joint ventures under the Company maintained a steady growth. For the whole year, the aggregate throughput volume of Zhan Jiang Port Petrochemical Jetty Co. Limited (“**Zhan Jiang Port Petrochemical 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**”) amounted to approximately 175 million tonnes, representing an increase of approximately 16.28% compared with last year, and generated investment return of approximately HK\$622 million, representing an increase of approximately 16.13% compared with last year.

Looking forward into 2016, the Company will continue to maintain its existing operating business with strong safety foundation, enhance the risk management in full, setting up a healthy management system, meeting our standardization requirements and recruiting more talents so as to develop the Group into a “first-class international petrochemical storage and logistics corporation”.

REVENUE AND COST OF SALES

For the year ended 31 December 2015, the Group’s revenue was approximately HK\$2,043,630,000, representing a decrease of approximately 90.11% as compared with the restated figure of last year (representing a decrease of approximately 89.37% as compared with the unrestated figure of last year); cost of sales was approximately HK\$1,204,618,000, representing a decrease of approximately 93.90% as compared with the restated figure of last year (representing a decrease of approximately 93.64% as compared with the unrestated figure of last year). The decrease in both revenue and cost of sales was mainly due to the Group temporarily ceasing crude oil trading in 2015.

GROSS PROFIT AND OPERATING PROFIT

For the year ended 31 December 2015, the Group’s gross profit was approximately HK\$839,012,000, representing a decrease of approximately 8.41% as compared with the restated figure of last year (representing an increase of 199.75% as compared with the unrestated figure of last year); operating profit was approximately HK\$730,373,000, representing a decrease of approximately 10.15% as compared with the restated figure of last year (representing an increase of approximately 297.01% as compared with the unrestated figure of last year). Both gross profit and operating profit decreased as compared with the restated figure of last year, mainly due to the decrease in the operation performance of Yu Ji Pipeline Company, a wholly-owned subsidiary of the Company, decreased during the year 2015.

OTHER INCOME AND OTHER GAINS, NET

For the year ended 31 December 2015, the Group's other income and other gains, net was approximately HK\$55,478,000, representing a decrease of approximately 23.97% as compared with the restated figure of last year (representing an increase of approximately 114.23% as compared with the unrestated figure of last year). Other income and other gains, net decreased as compared with the restated figure of last year mainly due to the Group has RMB monetary funds, and during the year 2015, the depreciation of RMB against HK\$ resulted a foreign exchange loss, which led to other income and other gains, net decreased.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2015, the Group's administrative expenses were approximately HK\$138,519,000, representing a decrease of approximately 7.49% as compared with the restated figure of last year (representing an increase of approximately 45.11% as compared with the unrestated figure of last year). Administrative expenses decreased as compared with the restated figure of last year which was mainly due to the effective cost-saving work of the Group during the year 2015.

FINANCE INCOME

For the year ended 31 December 2015, the Group's finance income was approximately HK\$14,649,000, representing a decrease of approximately 31.77% as compared with the restated figure of last year (representing an increase of approximately 124.82% as compared with the unrestated figure of last year). Finance income decreased as compared with the restated figure of last year mainly due to the fixed deposits of the Group decreased and the decrease in interest rate on RMB deposits in 2015, which resulted in the decrease in bank interest income.

SHARE OF RESULTS OF ASSOCIATED COMPANIES

For the year ended 31 December 2015, the Group's share of results from associated companies was approximately HK\$117,865,000, representing an increase of approximately 13.87% as compared with the restated figure of last year (the restated figure of last year was the same as the unrestated figure). Share of results of associated companies increased mainly due to the operation results of Zhan Jiang Port Petrochemical Terminal, an associated company of the Company, improved during the year 2015.

SHARE OF RESULTS OF JOINT VENTURES

For the year ended 31 December 2015, the Group's share of results from joint ventures was approximately HK\$553,901,000, representing an increase of approximately 13.05% as compared with the restated figure of last year (the restated figure of last year was the same as the unrestated figure). Share of results of joint ventures increased mainly due to the operation results of the some of the joint ventures of the Company (including Qingdao Shihua, Rizhao Shihua, Caofeidian Shihua and Tianjin Shihua), improved during the year 2015.

PROFIT FOR THE YEAR

For the year ended 31 December 2015, the Group's profit for the year was approximately HK\$1,026,918,000, representing an increase of approximately 0.87% as compared with the restated figure of last year (representing an increase of approximately 46.75% as compared with the unrestated figure of last year). Profit for the year increased slightly as compared with the restated figure of last year mainly due to the combined effects of the vessel charter business becoming profitable in 2015, the investment return from domestic terminal associated companies and joint ventures experiencing significant growth, and together with the decreasing of operating results of Yu Ji Pipeline Company, the wholly-owned subsidiary of the Company.

GEARING RATIO

As at 31 December 2015, the Group's current ratio (current assets to current liabilities) was approximately 0.50 (as at 31 December 2014: current ratio calculated according to restated figure was approximately 1.55, and current ratio calculated according to unrestated figure was approximately 1.70); and gearing ratio (total liabilities to total assets) was approximately 46.57% (as at 31 December 2014: gearing ratio calculated according to restated figure was approximately 31.49%, and gearing ratio calculated according to unrestated figure was approximately 11.07%).

LIQUIDITY AND SOURCE OF FINANCE

As at 31 December 2015, cash and cash equivalents of the Group was approximately HK\$1,057,732,000, representing an increase of approximately 32.40% as compared with the restated figure at the end of last year (representing an increase of approximately 32.95% as compared with the unrestated figure at the end of last year), mainly due to Zhan Jiang Port Petrochemical Terminal, Qingdao Shihua and Ningbo Shihua, held by the Company, distributed cash dividends to the Company during the reporting period.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2015, the Company and the Group had no bank loans. On 31 December 2015, Yu Ji Pipeline Company, a wholly-owned subsidiary of the Company, borrowed an interest-bearing loans from Sinopec Corp., for a total amount of RMB3,300,000,000 (equivalent to approximately HK\$3,938,982,000) (2014: RMB3,300,000,000 (equivalent to approximately HK\$4,183,199,000)). The loan is unsecured. Sinopec Corp. has committed that, the loan is not required to be repaid before Yu Ji Pipeline Company is financially capable of doing so.

PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2015, the Group's property, plant and equipment was approximately HK\$7,575,508,000, representing a decrease of approximately 8.75% as compared with the restated figure at the end of last year (representing an increase of approximately 278.95% as compared with the unrestated figure at the end of last year). Besides normal depreciation, the reason for property, plant and equipment decreased as compared with the restated figure at the end of last year also due to most of the properties and plants of the Group are located within the PRC, and during the time when RMB depreciated against HK\$ in 2015, the corresponding amount of property, plant and equipment denominated in HK\$ decreased.

INVESTMENT PROPERTIES

As at 31 December 2015, the Group's investment properties was approximately HK\$68,062,000, representing an increase of approximately 131.59% as compared with the restated figure at the end of last year (the restated figure of last year was same as the unrestated figure). The increase was mainly due to Yu Ji Pipeline Company, a wholly-owned subsidiary of the Company, rented out one of the self-use building as investment property.

TRADE AND OTHER RECEIVABLES

As at 31 December 2015, the Group's trade and other receivables were approximately HK\$988,236,000, representing a decrease of approximately 30.90% as compared with the restated figure of last year (representing a decrease of approximately 17.19% as compared with the unrestated figure at the end of last year), mainly due to the Group not commencing crude oil trading business in 2015, resulting in no trade receivables from crude oil trading. In addition, Huade Petrochemical, the Company's subsidiary, improved the collection of trade receivables.

RESERVES, EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY, TOTAL EQUITY

As at 31 December 2015, the reserves of the Group were approximately HK\$9,124,813,000, representing a decrease of approximately 25.31% as compared with the restated figure at the end of last year (representing a decrease of approximately 8.66% as compared with the unrestated figure at the end of last year); the Group's equity attributable to equity holders of the Company was approximately HK\$9,373,429,000, representing a decrease of approximately 24.80% as compared with the restated figure at the end of last year (representing a decrease of approximately 8.45% as compared with the unrestated figure at the end of last year); the Group's total equity was approximately HK\$9,412,094,000, representing a decrease of approximately 24.73% as compared with the restated figure at the end of last year (representing a decrease of approximately 8.42% as compared with the unrestated figure at the end of last year). The main reason for the decrease in reserves, equity attributable to equity holders of the Company and total equity is that, according to relevant accounting policies, the Group's 2014 financial statements have been restated to incorporate Yu-Ji Pipeline Company's assets and liabilities, and the consideration price from the acquisition of Yu-Ji Pipeline Company officially became liability only after all the precedent conditions have been achieved on 31 December 2015, thus causing a decrease in the reserves of the Group, equity attributable to equity holders of the Company and total equity decreased for the year ended 31 December 2015.

TRADE AND OTHER PAYABLES

As at 31 December 2015, the Group's trade and other payables were approximately HK\$4,139,948,000, representing an increase of approximately 185.31% as compared with the restated figure at the end of last year (representing an increase of approximately 253.66% as compared with the unrestated figure at the end of last year). The significant increase in trade and other payables were mainly due to the acquisition consideration paid by the Group to Sinopec Corp. in respect of the Yi Ji Pipeline Company.

DEFERRED INCOME TAX LIABILITIES

As at 31 December 2015, the Group's deferred income tax liabilities were approximately HK\$95,695,000, representing a decrease of approximately 7.40% as compared with the restated figure at the end of last year (the restated figure of last year was the same as the unrestated figure). Deferred income tax liabilities decreased mainly due to Huade Petrochemical, Zhan Jiang Port Petrochemical Terminal, Qingdao Shihua and Ningbo Shihua, held by the Company, distributed cash dividends to the Company, and the corresponding dividend tax liabilities during the previous years have been deducted in 2015.

MATERIAL INVESTMENT, ACQUISITION AND DISPOSAL

On 10 February 2015, at the special general meeting of the Company, the acquisition of 100% equity interest in Yu Ji Pipeline Company from Sinopec Corp. through Sinomart Development (the “**Acquisition**”), a wholly-owned subsidiary of the Company, was approved. For details of the Acquisition, please refer to the shareholder's circular published on 19 January 2015 on the website of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the website of the Company. According to the Acquisition Agreement (as defined below), all conditions precedent of the Acquisition were fulfilled on 31 December 2015. After the completion of Acquisition, Yu Ji Pipeline Company became an indirect wholly-owned subsidiary of the Company.

FOREIGN CURRENCY RISK

The Company engages in oil storage, oil terminal and logistics businesses in the PRC, Europe and Fujairah, UAE through its respective wholly-owned subsidiaries, joint ventures and associated companies, and generates operating income in RMB, Euro and USD, respectively. As the exchange rates of RMB, Euro and USD against HK\$ fluctuate, the Group faces foreign currency risks to a certain extent.

In addition, in order to develop the storage and logistics businesses, and to execute the development strategy set by the Board of the Company in the near future, the Group signed a number of agreements in respect to the expansion of storage and logistics businesses. On 30 December 2014, a conditional acquisition agreement was signed by the Group and Sinopec Corp. (the “**Acquisition Agreement**”), for a consideration of RMB2,576,881,100, to acquire the entire equity interest in Yu Ji Pipeline Company held by Sinopec Corp.. On 31 December 2015, all conditions precedent as set out in the Acquisition Agreement were fulfilled. According to the Acquisition Agreement, the consideration shall be paid in cash within 30 days after the day on which the precedent conditions have been fulfilled. Before this result announcement has been published, the Group had finalized the payment of the consideration. On

9 October 2012, the Group acquired 95% equity interest in PT. West Point Terminal and entered into the shareholders' agreement for the Batam project. In accordance with the shareholders' agreement, as at 31 December 2015, the Group committed to a contribution obligation not exceeding the balance of USD144,685,000. In addition, in order to meet the needs of LNG vessel construction, on 31 March 2012, the Group entered into a related agreement for the construction of two LNG vessels under the PNG LNG Project. Pursuant to such agreement, as at 31 December 2015, the Group had a shareholder's loan obligation in the balance of USD3,303,918. On 28 April 2013, the Group entered into the vessel sponsors' undertakings in relation to the construction of six LNG vessels under the APLNG Project. Pursuant to the vessel sponsors' undertakings, as at 31 December 2015, the Group undertook a contribution obligation not exceeding the balance of USD106,620,205 in relations to the necessary shareholder's loan and cost overruns for vessel construction. Along with the progress of project and schedule, the Group shall fulfill the corresponding contribution obligation in accordance with the above agreements. As there is fluctuation in the exchange rate of such currencies, there may be differences between the amount in HK\$ to be paid accordingly and the amount based on the corresponding exchange rate as at the date of the agreements.

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

BATAM PROJECT OF THE GROUP

On 9 October 2012, the Group acquired 95% shares of PT. West Point Terminal, and proposed to invest and construct 2.6 million m³ oil storage tank and terminal facility in Indonesia via the PT. West Point Terminal. Due to the differences between shareholders on the management philosophy, the project cannot move forward smoothly, and the project construction progress slowed down. The Company will actively take responsive measures to carry out the project and to protect our shareholder's interests.

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2015 the Group had a total of 252 employees. Remuneration packages, including basic salaries, bonuses and benefits-in-kind are structured by reference to market terms, trends in human resources costs in various regions and employees' contributions based on performance appraisals. Subject to the profit for the Group and the performance of the employees, the Group may also provide discretionary bonuses to its employees as an incentive for their further contribution.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Save as the Chairman of the Audit Committee did not attend the annual general meeting of the Company held on 4 June 2015 due to business engagement, as required by the Rule E.1.2 of Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"), the Company has complied with the applicable Corporate Governance Code provisions (the "**Code**") contained in Appendix 14 to the Listing Rules for the year ended 31 December 2015.

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

For the year ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors. The Audit Committee reviewed together with the management and the external auditor the accounting principles and practice adopted by the Group, and discussed internal control audit matters and financial statements, including the review of the financial results for the year ended 31 December 2015.

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry to all directors of the Company, all Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2015.

OTHER INFORMATION PUBLISHED ON THE WEBSITE OF THE STOCK EXCHANGE

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.sinopec.com.hk).

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

Hong Kong, 22 March 2016

As of the date of this announcement, the members of the Board are as below:

Executive directors:

Mr. Chen Bo (*Chairman*)

Mr. Xiang Xiwen (*Deputy Chairman*)

Mr. Da Liqi

Mr. Li Jianxin

Mr. Wang Guotao

Mr. Ye Zhijun (*Managing Director*)

Independent non-executive directors:

Ms. Tam Wai Chu, Maria

Mr. Fong Chung, Mark

Dr. Wong Yau Kar, David

* *For identification purposes only*