



中石化冠德控股有限公司

SINOPEC KANTONS HOLDINGS LIMITED

(Incorporated in Bermuda with Limited Liability)

Stock Code: 934



INTERIM REPORT 2022

STRIVE TO BECOME **A WORLD-CLASS**
INTERNATIONAL PETROCHEMICAL
STORAGE AND LOGISTICS
COMPANY



CONTENTS

- 2 Corporate Information**
- 4 Management Discussion and Analysis**
- 14 Report on Review of Interim Financial Information**
- 16 Consolidated Income Statement**
- 17 Consolidated Statement of Comprehensive Income**
- 18 Consolidated Statement of Financial Position**
- 20 Consolidated Statement of Changes in Equity**
- 22 Condensed Consolidated Statement of Cash Flows**
- 23 Notes to the Unaudited Interim Financial Information**
- 48 Interim Dividend**
- 49 Other Information**

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

AUDIT COMMITTEE MEMBERS

Mr. Fong Chung, Mark (Chairman)
Ms. Tam Wai Chu, Maria
Dr. Wong Yau Kar, David
Ms. Wong Pui Sze, Priscilla

REMUNERATION COMMITTEE MEMBERS

Ms. Tam Wai Chu, Maria (Chairlady)
Mr. Chen Yaohuan
Mr. Fong Chung, Mark
Dr. Wong Yau Kar, David
Ms. Wong Pui Sze, Priscilla
Mr. Sang Jinghua

NOMINATION COMMITTEE MEMBERS

Dr. Wong Yau Kar, David (Chairman)
Mr. Chen Yaohuan
Ms. Tam Wai Chu, Maria
Mr. Fong Chung, Mark
Ms. Wong Pui Sze, Priscilla
Mr. Sang Jinghua

COMPANY SECRETARY

Mr. Wang Xiaoming
Ms. Huang He

AUTHORISED REPRESENTATIVES

Mr. Sang Jinghua
Mr. Wang Xiaoming

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor
registered in accordance with
the Financial Reporting Council Ordinance
8/F, Prince's Building
10 Chater Road
Central
Hong Kong

LEGAL ADVISER

Norton Rose Fulbright Hong Kong
38/F, Jardine House
1 Connaught Place
Central
Hong Kong

STATUTORY ADDRESS

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

34/F, Citicorp Centre, 18 Whitfield Road
Causeway Bay, Hong Kong
Tel: +852-25080228
Fax: +852-25086075
Website: www.sinopec.com.hk
E-mail: ir@sinopec.com.hk

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Stock Code: 934

Business Review and Prospects

In the first half of 2022, in the face of a series of severe challenges in the global macro environment, Sinopec Kantons Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) made prudent judgments and responded proactively so as to maintain stable production and operations, achieving hard-earned operating results. In the first half of the year, firstly, sporadic cases of COVID-19 have occurred in multiple places of China, which had an adverse impact on the recovery of the domestic economy; secondly, the outbreak of the Russia-Ukraine conflict led to a surge in the prices of bulk commodities, which had a significant impact on the global economy; thirdly, with the US dollar entering into the cycle of interest rate hike, Renminbi has been under certain depreciation pressure in the short term. In the face of the challenges and trials, with the proactive planning and right leadership of the board of directors of the Company (the “**Directors**”) (the “**Board**”), the Company actively responded to the challenges with its firm confidence by continuing to strengthen pandemic prevention and control to ensure smooth production and operations, whilst continuously enhancing the level of refined

management, reducing costs, improving quality and efficiency, and constantly optimising management and operations. In addition, the Group strived to explore development opportunities to further expand the Group’s scale of operations and promote corporate sustainable development. In the first half of the year, the Group’s revenue amounted to approximately HK\$324 million, representing a year-on-year decrease of approximately 2.20%. As a result of factors such as changes in geopolitical situations exacerbated by Russia-Ukraine conflict which negatively affected the business operation and prospects of Vesta Terminals B.V. (“**Vesta**”), a joint venture in Europe of the Company, the Company recorded the share of loss of approximately HK\$281 million for Vesta, resulting in a profit of approximately HK\$357 million for the six months ended 30 June 2022 (the “**Reporting Period**”), representing a year-on-year decrease of approximately 47.11%, translating into profit attributable to equity holders of the Company of approximately HK14.35 cents per share. Taking the cash flow and the needs of future development of the Group into consideration, the Board decided to maintain the interim cash dividend for 2022 consistent with the same period last year, which is HK8 cents per share.

During the first half of 2022, Huade Petrochemical Co., Ltd. (“**Huade Petrochemical**”) in Huizhou Daya Bay, a wholly-owned subsidiary of the Company, actively expanded its business while firmly defending the bottom line of pandemic prevention and control, and coordinated its production and operations well to reduce costs at the same time. Huade Petrochemical has seized the opportunity to further expand its business scale and enhance its profitability by entering into a long-term contract with a third party for the use of port facilities and taking advantages of the vacant berth slots at the port to unload oil tankers for another third party. Moreover, it has reduced the demurrage time of oil tankers so as to reduce the cost and energy consumption per unit of business volume. In the first half of the year, Huade Petrochemical unloaded approximately 6.42 million tonnes of crude oil from 44 oil tankers, representing a year-on-year increase of approximately 3.22%, while it transmitted approximately 5.78 million tonnes of crude oil, representing a year-on-year decrease of approximately 7.52%. The segment revenue was approximately HK\$324 million, representing a year-on-year decrease of approximately 2.20%; while the segment results from Huade Petrochemical were approximately HK\$155 million, representing a year-on-year increase of approximately 5.16%.

In the first half of 2022, the Company leveraged its advantages of direct shareholder management in managing its operating entities, namely Zhan Jiang Port Petrochemical Jetty Co., Ltd. (“**Zhan Jiang Port Terminal**”), Qingdao Shihua Crude Oil Terminal Co., Ltd. (“**Qingdao Shihua**”), Ningbo Shihua Crude Oil Terminal Co., Ltd. (“**Ningbo Shihua**”), Rizhao Shihua Crude Oil Terminal Co., Ltd. (“**Rizhao Shihua**”), Tianjin Port Shihua Crude Oil Terminal Co., Ltd. (“**Tianjin Shihua**”) and Tangshan Caofeidian Shihua Crude Oil Terminal Co., Ltd. (“**Caofeidian Shihua**”), being the associate and joint ventures of the Company (collectively, the “**Six Domestic Terminal Companies**”) in accordance with their own business conditions and operational characteristics by differentiated policies so as to further enhance their ability to reduce costs and increase efficiency. Furthermore, the Six Domestic Terminal Companies continued to actively improve their marketing capabilities, focus on customer needs, develop markets and upgrade quality, while learning from each other and comparing their differences in order to optimise their workflow and reduce energy consumption and various expense items. In the first half of the year, the aggregate throughput of the Six Domestic Terminal Companies was approximately 110 million tonnes, representing a year-on-year decrease of approximately 9.09%; and the aggregate investment return was approximately

HK\$461 million, representing a year-on-year decrease of approximately 3.76% only.

In the first half of 2022, the global COVID-19 pandemic has not been effectively controlled and international oil prices stayed at a high level, resulting in a deep backwardation structure in the oil storage tank market and a greater challenge for the tank rental business. Fujairah Oil Terminal FZC (“**FOT**”), a joint venture of the Company in the Middle East, made great efforts to expand its market and identify customers while making every effort to prevent and control the spread of COVID-19 pandemic, with the average occupancy rate of FOT reaching 98.8% in the first half of the year when the overall occupancy rate of oil storage tanks in the region was only approximately 70% in the first half of the year. However, due to the decline in tank rental rates, FOT achieved an investment return of approximately HK\$31.58 million in the first half of the year, representing a year-on-year decrease of approximately 42.58%. In the first half of 2022, as the Russia-Ukraine conflict led to a rapid deterioration in the operating environment in Estonian storage area of Vesta in Europe, and together with the impact of changes in the regional storage market, the Company recorded a loss on its interest in Vesta, resulting in an overall investment loss (including share of loss on daily operations in Vesta) of approximately HK\$287 million in the first half of the year.

In the first half of 2022, the Group’s liquefied natural gas (“**LNG**”) vessel logistics business continued to maintain steady operations and achieved better economic results. In the first half of the year, the eight LNG vessels completed a total of 53 voyages and generated an investment return of approximately HK\$55.93 million, representing a year-on-year increase of approximately 9.59%.

The Group has been attaching great importance to the subsequent development of the joint investment project for the construction of oil storage and terminal facilities in Batam Island, Indonesia (the “**Batam Project**”). In the second half of 2021, the Group engaged two consulting firms to jointly prepare an updated feasibility study report for the Batam Project, which is currently at the assessment and validation stage. The Group will continue to take various effective measures to fully protect the legitimate interests of the Company and its shareholders.

Looking ahead to the second half of the year, as the domestic economic recovery becomes more certain, it is expected that fundamentals of the economy will continue to be positive in the long run. However, the external environment remains relatively uncertain as the Russia-Ukraine conflict will continue to impact energy and food supplies, which will increase the risk of global inflation and result in further tightening of monetary policies in most major economies. The Board will earnestly implement new development concepts, continue to put its greatest effort in production and operation management, and is committed to achieving the annual production and operation targets. At the same time, it will closely track the opportunities to expand its core businesses, pay attention to the energy transformation dynamics, explore new business development and strive to achieve high-quality sustainable development of the Group.

Revenue, Gross Profit and Operating Profit

In the first half of 2022, the Group's revenue was approximately HK\$323,700,000 (first half of 2021: HK\$330,981,000), representing a decrease of approximately 2.20% as compared with the same period last year; gross profit was approximately HK\$172,052,000 (first half of 2021: HK\$166,249,000), representing an increase of approximately 3.49% as compared with the same period last year; operating profit was approximately HK\$151,475,000 (first half of 2021: HK\$118,196,000), representing an increase of approximately 28.16% as compared with the same period last year. The slight decrease in the Group's revenue during the Reporting Period was mainly due to the year-on-year reduction of crude oil transmission volume of Huade Petrochemical in the first half of 2022. The increases in gross profit and operating profit were mainly due to the following reasons: (i) Huade Petrochemical implemented refined management and cost control measures in the first half of the year; (ii) with the expiration of the depreciation period for some assets of Huade Petrochemical, the depreciation expense decreased year-on-year and (iii) the Group generated exchange gains in the first half of the year compared to exchange losses in the same period last year.

Segmental Information

Segmental information of the Group for the six months ended 30 June 2022 is set out in note 6 to the financial statements.

In the first half of 2022, the segment revenue and segment results of the Group's crude oil jetty and storage business were approximately HK\$323,700,000 (first half of 2021: HK\$330,981,000) and HK\$360,318,000 (first half of 2021: HK\$694,889,000) respectively, representing decreases of approximately 2.20% and 48.15% respectively as compared with the same period last year. The decrease in segment results of crude oil jetty and storage business was mainly due to the fact that the geopolitical situation caused by the Russia-Ukraine conflict deteriorated, therefore the Group recorded the share of loss for Vesta, and a decline in terminal throughput due to the fact that sporadic cases of COVID-19 have occurred in multiple places of China and the low utilization rate of local refineries.

In the first half of 2022, the segment results of the Group's vessel chartering and logistics business were approximately HK\$55,934,000 (first half of 2021: HK\$51,039,000), representing an increase of approximately 9.59% as compared with the same period last year, which mainly benefited from cost control and continual stable logistics operation of vessels.

Other Income and Other Gains, Net

In the first half of 2022, the Group's other income and other gains, net were approximately HK\$48,956,000 (first half of 2021: HK\$24,559,000), representing an increase of approximately 99.34% as compared with the same period last year. Such increase was mainly due to the fact that the Group generated exchange gains in the first half of the year compared to exchange losses in the same period last year.

Distribution Costs

In the first half of 2022, the Group's distribution costs amounted to approximately HK\$5,938,000 (first half of 2021: HK\$9,228,000), representing a year-on-year decrease of approximately 35.65%, which was mainly due to the decrease in the Group's labour costs in the first half of the year.

Finance Income

In the first half of 2022, the Group's finance income amounted to approximately HK\$10,782,000 (first half of 2021: HK\$18,620,000), representing a year-on-year decrease of approximately 42.09%, which was mainly due to the fact that the majority of deposits held by the Group during the Reporting Period were in Hong Kong dollars and the interest rates on such deposits were lower than those on Renminbi deposits in the same period last year.

Share of Results of Joint Ventures

In the first half of 2022, the Group's share of results of joint ventures was approximately HK\$159,812,000 (first half of 2021: HK\$501,035,000), representing a decrease of approximately 68.10% as compared with the same period last year, 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 fact that sporadic cases of COVID-19 have occurred in multiple places of China and the low utilization rate of local refineries.

Interests in Associates

As at 30 June 2022, the Group's interests in associates amounted to approximately HK\$1,038,305,000 (as at 31 December 2021: HK\$1,151,511,000), representing a decrease of approximately 9.83% as compared with the end of last year, which was mainly attributable to the distribution of dividends to the Company by Zhan Jiang Port Terminal during the Reporting Period and the depreciation of Renminbi against the Hong Kong dollar.

Trade and Other Receivables

As at 30 June 2022, the Group's trade and other receivables amounted to approximately HK\$877,673,000 (as at 31 December 2021: HK\$1,621,698,000), representing a decrease of approximately 45.88% as compared with the end of last year, which was mainly due to the fact that during the Reporting Period, the Group has received those amounts which were presented as the dividend receivables from a joint venture at the end of last year.

Liquidity and Source of Finance

As at 30 June 2022, the Group held cash and cash equivalents totalling approximately HK\$5,283,170,000 (as at 31 December 2021: HK\$4,197,541,000), representing an increase of approximately 25.86% as compared with the end of last year, which was mainly due to the dividends received by the Group from its operating entities during the Reporting Period.

Current Ratio and Liabilities to Assets Ratio

As at 30 June 2022, the Group's current ratio (current assets to current liabilities) was approximately 13.10 (as at 31 December 2021: 24.34), and liabilities to assets ratio (total liabilities to total assets) was approximately 4.14% (as at 31 December 2021: 2.82%).

Lease Liabilities

As at 30 June 2022, the Group's lease liabilities amounted to approximately HK\$17,844,000 (as at 31 December 2021: HK\$22,812,000), representing a decrease of approximately 21.78% as compared with the end of last year. The decrease in lease liabilities was mainly due to a corresponding decrease in the Group's lease liabilities during the Reporting Period with rental payments made in accordance with the relevant payment timetables.

Trade and Other Payables

As at 30 June 2022, the Group's trade and other payables amounted to approximately HK\$437,561,000 (as at 31 December 2021: HK\$213,105,000), representing an increase of approximately 105.33% as compared with the end of last year, which was mainly due to the increase in dividend payables of the Company to its shareholders.

Income Tax Payable

As at 30 June 2022, the income tax payable of the Group was approximately HK\$26,201,000 (as at 31 December 2021: HK\$19,259,000), representing an increase of approximately 36.05% as compared with the end of last year, which was mainly due to the increase in corporate income tax payable by Huade Petrochemical as compared to the end of last year.

Significant Investment, Acquisition and Disposal

Save as disclosed in this report, the Company did not have any other significant investment, acquisition and disposal for the six months ended 30 June 2022.

Exchange Risk

The Company is engaged in petrochemical storage, jetty and logistics businesses in places including the People's Republic of China (the "PRC"), Europe and United Arab Emirates through its subsidiaries, associates and joint ventures, which generate operating income in RMB, Euro and US\$ respectively. In addition, as at 30 June 2022, the Group still held a small amount of RMB demand deposits and certain receivables denominated in RMB. As the exchange rates of RMB, Euro and US\$ against HK\$ fluctuate, the Group faces exchange rate risk to a certain extent.

In addition, on 9 October 2012, the Group entered into the shareholders' agreement in respect of Batam Project. In accordance with the shareholders' agreement, as at 30 June 2022, Sinomart KTS Development Limited ("**Sinomart Development**"), the Company's wholly-owned subsidiary, committed to a contribution obligation of not exceeding the balance of US\$144,685,000. As the exchange rate of such currency fluctuates from time to time, there may be a certain difference between the actual amount in HK\$ to be paid and the amount based on the corresponding exchange rate as at the date of the agreement.

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

Contingent Liabilities and Assets Pledged by the Group

As at 30 June 2022 and the date of this report, contingent liabilities and assets pledged by the Group were as follows:

Guarantor	Beneficiary	Name of agreement	Content of clause	Date of agreement	Guarantee or pledge period	Pledge provided or guarantee balance as at 30 June 2022
Sinomart Development	FOT	Equity Pledge Agreement	Sinomart Development shall pledge its 50% equity interest in FOT to the banks which offered FOT refinancing loan of USD280 million. The Sponsor Support Agreement of the original loan has been terminated.	15 September 2021	Effective until full repayment of the loan	50% equity interest it held in FOT
Sinomart Development	PT. West Point	Land Lease Agreement	In the event that PT. West Point fails to pay to lessor of Batam Project any amount of the land lease fee when due under the Land Lease Agreement, Sinomart Development shall pay, on demand, an amount obtained by multiplying such unpaid amount by the percentage representing its shareholding interest in PT. West Point.	9 October 2012	Effective for 30 years after the date of execution	SGD5.09 million

Save for the above, the Group did not provide any other financial assistance or guarantee or pledge of shares for other companies as at 30 June 2022 and the date of this report.

About the Batam Project

On 9 October 2012, the Company, through its wholly-owned subsidiary, Sinomart Development, acquired 95% equity interest in PT. West Point, and proposed to invest and construct the Batam Project in Indonesia via PT. West Point. Due to the shareholder from Indonesia, the project entered arbitration. The Group received arbitral awards in the Group's favour and obtained enforcement orders from the Indonesian Court in respect of the arbitral awards. In the second half of 2021, the Group engaged two consulting firms, respectively responsible for the oil storage and terminal involved in the project, to jointly prepare an updated feasibility study report so as to provide a basis for future decision making of the project. The feasibility study report is currently at the assessment and validation stage. The Group will continue to adopt various effective measures actively to protect the legitimate rights and interests of the Company and its shareholders.

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

Events after the end of the Reporting Period

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

Employees and Emolument Policies

As at 30 June 2022, the Group had a total of 223 employees (as at 30 June 2021: 234). The Company adheres to the philosophy of diversity and equal opportunities in employee recruitment, striving to ensure that the number of employees of both genders satisfies the Company's development needs. 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.



**TO THE BOARD OF DIRECTORS OF
SINOPEC KANTONS HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 16 to 47 which comprises the consolidated statement of financial position of Sinopec Kantons Holdings Limited and its subsidiaries as of 30 June 2022 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2022 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 August 2022

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022

	Note	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	6,7	323,700	330,981
Cost of providing services	8	(151,648)	(164,732)
Gross profit		172,052	166,249
Other income and other gains, net	8	48,956	24,559
Distribution costs		(5,938)	(9,228)
Administrative expenses	8	(63,595)	(63,384)
Operating profit		151,475	118,196
Finance income		10,782	18,620
Finance costs		(471)	(583)
Share of results of:			
– Joint ventures		159,812	501,035
– Associates		101,284	97,354
Profit before income tax		422,882	734,622
Income tax expenses	9	(66,360)	(60,496)
Profit for the period		356,522	674,126
Profit/(loss) attributable to:			
Equity holders of the Company		356,856	674,515
Non-controlling interests		(334)	(389)
		356,522	674,126
Earnings per share for profit attributable to equity holders of the Company (expressed in HK cents)	11		
Basic		14.35	27.13
Diluted		14.35	27.13

The notes on pages 23 to 47 form an integral part of this interim financial information. Details of dividends payable to equity shareholders of the Company are set out in Note 10.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	356,522	674,126
Other comprehensive income for the period:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on currency translation		
– Subsidiaries	(85,804)	24,554
– Joint ventures	(277,432)	11,992
– Associates	(51,405)	11,765
	(414,641)	48,311
Cash flow hedges		
– Joint ventures	178,660	(47,422)
– An associate	9,133	(4,606)
	187,793	(52,028)
Other comprehensive income for the period, net of nil tax	(226,848)	(3,717)
Total comprehensive income for the period	129,674	670,409
Total comprehensive income attributable to:		
Equity holders of the Company	130,008	670,798
Non-controlling interests	(334)	(389)
	129,674	670,409

The notes on pages 23 to 47 form an integral part of this interim financial information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	1,389,831	1,508,091
Right-of-use assets		581,384	590,985
Investment properties		17,956	18,575
Prepayment		810	847
Interests in joint ventures	13	6,694,994	6,753,155
Interests in associates	14	1,038,305	1,151,511
Total non-current assets		9,723,280	10,023,164
Current assets			
Inventories		4,638	4,125
Trade and other receivables	15	877,673	1,621,698
Cash and cash equivalents	16	5,283,170	4,197,541
Total current assets		6,165,481	5,823,364
Total assets		15,888,761	15,846,528
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		248,616	248,616
Reserves		14,947,916	15,116,247
Equity attributable to equity holders of the Company		15,196,532	15,364,863
Non-controlling interests		33,976	34,310
Total equity		15,230,508	15,399,173

		As at 30 June 2022	As at 31 December 2021
	Note	HK\$'000	HK\$'000
		(Unaudited)	(Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		163,027	177,270
Government grants		13,620	14,909
Lease liabilities		10,877	15,943
Total non-current liabilities		187,524	208,122
Current liabilities			
Trade and other payables	17	437,561	213,105
Income tax payable		26,201	19,259
Lease liabilities		6,967	6,869
Total current liabilities		470,729	239,233
Total liabilities		658,253	447,355
Total equity and liabilities		15,888,761	15,846,528
Net current assets		5,694,752	5,584,131
Total assets less current liabilities		15,418,032	15,607,295

The interim financial information on pages 16 to 47 was approved by the board of directors on 26 August 2022 and was signed on its behalf.

Chen Yaohuan
Chairman

Sang Jinghua
General Manager

The notes on pages 23 to 47 form an integral part of this interim financial information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

Note	Attributable to equity holders of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Specific reserve	Merger reserve	General reserve	Hedging reserve	Exchange reserve	Retained earnings	Subtotal			
	HKS'000 (Unaudited)	HKS'000 (Unaudited)	HKS'000 (Unaudited)	HKS'000 (Unaudited)	HKS'000 (Unaudited)	HKS'000 (Unaudited)	HKS'000 (Unaudited)	HKS'000 (Unaudited)	HKS'000 (Unaudited)	HKS'000 (Unaudited)		
Balance at 1 January 2022	248,616	6,300,684	110	23,444	296,079	(257,865)	296,292	8,457,503	15,364,863	34,310	15,399,173	
Comprehensive income:												
Profit/(loss) for the period	-	-	-	-	-	-	-	356,856	356,856	(334)	356,522	
Other comprehensive income												
Exchange differences on currency translation:												
- Subsidiaries	-	-	-	-	-	-	(85,804)	-	(85,804)	-	(85,804)	
- Joint ventures	-	-	-	-	-	-	(277,432)	-	(277,432)	-	(277,432)	
- Associates	-	-	-	-	-	-	(51,405)	-	(51,405)	-	(51,405)	
	-	-	-	-	-	-	(414,641)	-	(414,641)	-	(414,641)	
Net gain on cash flow hedges:												
- Joint ventures	-	-	-	-	-	178,660	-	-	178,660	-	178,660	
- An associate	-	-	-	-	-	9,133	-	-	9,133	-	9,133	
Other comprehensive income for the period, net of nil tax	-	-	-	-	-	187,793	(414,641)	-	(226,848)	-	(226,848)	
Total comprehensive income for the period	-	-	-	-	-	187,793	(414,641)	356,856	130,008	(334)	129,674	
Transaction with owners												
Appropriation of reserves	-	-	3,900	-	-	-	-	(3,900)	-	-	-	
Utilisation of specific reserve for the period	-	-	(250)	-	-	-	-	250	-	-	-	
Dividends	10(b)	-	-	-	-	-	-	(298,339)	(298,339)	-	(298,339)	
Total transaction with owners	-	-	3,650	-	-	-	-	(301,989)	(298,339)	-	(298,339)	
Balance at 30 June 2022	248,616	6,300,684	3,760	23,444	296,079	(70,072)	(118,349)	8,512,370	15,196,532	33,976	15,230,508	

Attributable to equity holders of the Company											
	Share capital	Share premium	Specific reserve	Merger reserve	General reserve	Hedging reserve	Exchange reserve	Retained earnings	Subtotal	Non-controlling interests	Total equity
Note	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)									
Balance at 1 January 2021	248,616	6,300,684	24	23,444	296,079	(250,252)	157,049	7,904,425	14,680,069	35,022	14,715,091
Comprehensive income:											
Profit/(loss) for the period	-	-	-	-	-	-	-	674,515	674,515	(389)	674,126
Other comprehensive income											
Exchange differences on currency translation:											
- Subsidiaries	-	-	-	-	-	-	24,554	-	24,554	-	24,554
- Joint ventures	-	-	-	-	-	-	11,992	-	11,992	-	11,992
- Associates	-	-	-	-	-	-	11,765	-	11,765	-	11,765
	-	-	-	-	-	-	48,311	-	48,311	-	48,311
Net loss on cash flow hedges:											
- Joint ventures	-	-	-	-	-	(47,422)	-	-	(47,422)	-	(47,422)
- An associate	-	-	-	-	-	(4,606)	-	-	(4,606)	-	(4,606)
Other comprehensive income for the period, net of nil tax	-	-	-	-	-	(52,028)	48,311	-	(3,717)	-	(3,717)
Total comprehensive income for the period	-	-	-	-	-	(52,028)	48,311	674,515	670,798	(389)	670,409
Transaction with owners											
Appropriation of reserves	-	-	3,951	-	-	-	-	(3,951)	-	-	-
Utilisation of specific reserve for the period	-	-	(2,339)	-	-	-	-	2,339	-	-	-
Dividends	10(b)	-	-	-	-	-	-	(298,339)	(298,339)	-	(298,339)
Total transaction with owners	-	-	1,612	-	-	-	-	(299,951)	(298,339)	-	(298,339)
Balance at 30 June 2021	248,616	6,300,684	1,636	23,444	296,079	(302,280)	205,360	8,278,989	15,052,528	34,633	15,087,161

The notes on pages 23 to 47 form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Note	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		135,689	16,772
Income tax paid		(19,303)	(95,512)
Withholding tax paid		(46,773)	(2,139)
Net cash generated/(used in) from operating activities		69,613	(80,879)
Cash flows from investing activities			
Purchase of property, plant and equipment		–	(2,122)
Loans and interest repaid by joint ventures		37,175	36,129
Loans and interest repaid by an associate		1,406	4,700
Bank interest income received		7,638	18,620
Dividend received from joint ventures and associates		985,695	85,418
Proceeds from disposal of property, plant and equipment		–	7,111
Proceeds from disposal of discontinued operation		–	732,214
Net cash generated from investing activities		1,031,914	882,070
Cash flows from financing activities			
Repayment of lease liabilities		(4,964)	(4,200)
Decrease in amounts due to an immediate holding company		–	(779,782)
Net cash used in financing activities		(4,964)	(783,982)
Net increase in cash and cash equivalents		1,096,563	17,209
Cash and cash equivalents at the beginning of the period	16	4,197,541	3,781,081
Effect of foreign exchange rate changes		(10,934)	3,743
Cash and cash equivalents at end of the period	16	5,283,170	3,802,033

The notes on pages 23 to 47 form an integral part of this interim financial information.

1 GENERAL INFORMATION

Sinopec Kantons Holdings Limited (the “**Company**”) is a company incorporated in Bermuda with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The addresses of its registered office and principal place of business are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and 34/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong respectively.

The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the provision of crude oil jetty services. The principal activities of the associates and joint ventures of the Group are principally engaged in operation of crude oil and oil product terminals and ancillary facilities, provision of logistics services including storage, transportation and terminal services.

The condensed consolidated interim financial information is presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated. This condensed consolidated interim financial information was approved by the board of directors on 26 August 2022.

2 BASIS OF PREPARATION

The condensed consolidated interim financial report for the six months ended 30 June 2022 has been prepared in accordance with applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The condensed consolidated interim financial report does not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with HKFRSs.

2 BASIS OF PREPARATION (CONTINUED)

The condensed consolidated interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on pages 14 to 15.

3 ACCOUNTING POLICIES

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

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of this condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

5 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2021.

There have been no changes in the risk management policies since last year end.

6 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 fulfil the aggregation criteria under HKFRS 8, *Operating segments* have been identified by the Group's CODM and aggregated in arriving at the reportable segments of the Group.

- Crude oil jetty and storage services: this segment provides crude oil transportation, unloading, storage and other jetty services for oil tankers. Currently, the Group's activities in this regard, 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 PRC, Australia and Papua New Guinea.

6 SEGMENT REPORTING (CONTINUED)

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

Segment assets include all assets, except for cash and cash equivalents, investment properties, dividend receivables from joint ventures and an associate, 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, lease liabilities and deferred income tax liabilities. The Group's CODM has determined to present segment assets, liabilities and results of associates and joint ventures under respective segments.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets or amortisation 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 segment and finance costs directly attributable to the segment. Items that are not specifically attributed to individual segments, such as unallocated other income, unallocated other finance income, unallocated depreciation and other corporate costs or income are excluded from segment results.

In addition to receiving segment information concerning segment results, CODM is also provided with segment information concerning interest income, depreciation and additions to non-current segment assets of each segment.

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

6 SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities

(i) As at and for the six months ended 30 June 2022:

For the six months ended 30 June 2022

	Crude oil jetty and storage services HK\$'000 (Unaudited)	Vessel chartering and logistics services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue			
– Segment revenue	323,700	–	323,700
Revenue from external customers	323,700	–	323,700
Segment results			
– A subsidiary	155,156	–	155,156
– Joint ventures	108,761	51,051	159,812
– Associates	96,401	4,883	101,284
	360,318	55,934	416,252
Unallocated other corporate net income			6,630
Profit before income tax			422,882
Income tax expenses			(66,360)
Profit for the period			356,522
Other segment items			
Interest income	389	–	389
Depreciation	(60,260)	–	(60,260)
Additions to non-current segment assets	–	–	–
Impairment loss on trade and other receivables	(2)	–	(2)

6 SEGMENT REPORTING (CONTINUED)

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

(i) As at and for the six months ended 30 June 2022:
(Continued)

As at 30 June 2022

	Crude oil jetty and storage services HK\$'000 (Unaudited)	Vessel chartering and logistics services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment assets			
– A subsidiary	1,953,442	–	1,953,442
– Joint ventures	5,852,445	842,549	6,694,994
– Associates	965,594	72,711	1,038,305
	8,771,481	915,260	9,686,741
Unallocated assets			
– Cash and cash equivalents			5,283,170
– Other receivables			21,381
– Investment properties			17,956
– Right-of-use assets			
• properties in Hong Kong			7,383
• prepaid land lease payments in Indonesia			553,708
– Dividend receivable from a joint venture and an associate			232,480
– Property, plant and equipment			85,942
			6,202,020
Total assets			15,888,761
Segment liabilities	107,762	–	107,762
Unallocated liabilities			
– Other payables			379,464
– Lease liabilities			8,000
– Deferred income tax liabilities			163,027
			550,491
Total liabilities			658,253

6 SEGMENT REPORTING (CONTINUED)

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

(ii) As at 31 December 2021 and for the six months ended 30 June 2021:

For the six months ended 30 June 2021

	Crude oil jetty and storage services HK\$'000 (Unaudited)	Vessel chartering and logistics services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue			
– Segment revenue	330,981	–	330,981
	330,981	–	330,981
Segment results			
– A subsidiary	147,539	–	147,539
– Joint ventures	454,152	46,883	501,035
– Associates	93,198	4,156	97,354
	694,889	51,039	745,928
Unallocated other corporate net expenses			(11,306)
Profit before income tax			734,622
Income tax expenses			(60,496)
Profit for the period			674,126
Other segment items			
Interest income	227	–	227
Depreciation	(76,895)	–	(76,895)
Additions to non-current segment assets	(2,122)	–	(2,122)

6 SEGMENT REPORTING (CONTINUED)

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

(ii) As at 31 December 2021 and for the six months ended 30 June 2021: (Continued)

As at 31 December 2021

	Crude oil jetty and storage services HK\$'000 (Audited)	Vessel chartering and logistics services HK\$'000 (Audited)	Total HK\$'000 (Audited)
Segment assets			
– A 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
	9,246,652	779,229	10,025,881
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
			5,820,647
Total assets			15,846,528
Segment liabilities	176,461	–	176,461
Unallocated liabilities			
– Other payables			82,838
– Lease liabilities			10,786
– Deferred income tax liabilities			177,270
			270,894
Total liabilities			447,355

6 SEGMENT REPORTING (CONTINUED)

(b) Analysis of information by geographical regions

During the six months ended 30 June 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.

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Non-current assets		
– The PRC	6,758,928	6,909,708
– Europe	795,138	1,156,526
– Indonesia	639,517	643,207
– Hong Kong	941,169	807,364
– United Arab Emirates	587,965	505,771
– Other regions	563	588
	9,723,280	10,023,164

6 SEGMENT REPORTING (CONTINUED)

(b) Analysis of information by geographical regions (Continued)

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Total assets		
– The PRC	7,553,667	7,611,003
– Europe	795,138	1,156,526
– Indonesia	740,357	743,208
– Hong Kong	6,211,071	5,829,432
– United Arab Emirates	587,965	505,771
– Other regions	563	588
	15,888,761	15,846,528

(c) Major customers

For the purpose of disclosure under segment reporting for the six months ended 30 June 2022, several customers, being the branches and subsidiaries of China Petrochemical Corporation (“**Sinopec Group**”), including China Petroleum & Chemical Corporation Guangzhou Branch and Sinopec Fuel Oil Sales Corporation Limited, from crude oil jetty services have transactions that exceeded 93% (2021: 94%) of the Group’s revenue, amounting to approximately HK\$300,168,000 (2021: HK\$311,387,000). These customers mainly operate in the PRC.

7 REVENUE

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
– Provision of crude oil jetty services (Note)	257,127	262,804
Revenue from other sources		
Rental revenue from operating leases with customers		
– Lease payments that are fixed or depend on an index or a rate	36,829	36,613
– Variable lease payments that do not depend on an index or a rate	29,744	31,564
	66,573	68,177
	323,700	330,981

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

8 EXPENSES BY NATURE

	Six months ended 30 June	
	2022	2021
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Net foreign exchange (gain)/loss	(15,587)	10,096
Depreciation		
– Property, plant and equipment	57,494	74,148
– Investment properties	619	619
– Right-of-use assets	12,088	12,018

9 INCOME TAX EXPENSES

	Note	Six months ended 30 June	
		2022	2021
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Current income tax:			
– Hong Kong profits tax	(b)	2,711	2,930
– PRC corporate income tax	(c)	71,554	43,584
		74,265	46,514
Deferred income tax (credited)/charged	(d)	(7,905)	13,982
		66,360	60,496

9 INCOME TAX EXPENSES (CONTINUED)

Notes:

- (a) The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Law of the Bermuda and, accordingly, is exempted from payment of the Bermuda income tax.
- (b) Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the six months ended 30 June 2022 and 2021.
- (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 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 a tax rate of 5% or 10%. During the six months ended 30 June 2022, withholding tax was provided for the portion of the relevant undistributed profits of the Group's subsidiary, joint ventures and associates established in the PRC at a tax rate of 5% (2021: 5%).

10 DIVIDENDS

(a)

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interim dividend, declared	198,893	198,893

On 26 August 2022, the board of directors has resolved to declare an interim dividend of HK8.0 cents per ordinary share (2021: HK8.0 cents per ordinary share). This interim dividend has not been recognised as a liability in this condensed consolidated interim financial information.

- (b) The final dividend of approximately HK\$298,339,000 that relates to the year ended 31 December 2021 was approved in Annual General Meeting on 16 June 2022 and was paid on 26 July 2022 (2021: HK\$298,339,000).

11 EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Earnings (in HK\$'000)		
Profit attributable to equity holders of the Company	356,856	674,515
Number of shares		
Weighted average number of ordinary shares in issue (in thousand)	2,486,160	2,486,160
Basic earnings per share (HK cents per share)	14.35	27.13

Diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares in the current and prior periods.

12 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, addition to and disposal of property, plant and equipment is immaterial.

The Group recognised depreciation charge of owned property, plant and equipment of approximately HK\$57 million during the six months ended 30 June 2022 (2021: HK\$74 million).

13 INTERESTS IN JOINT VENTURES

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Cost of unlisted investments	4,468,763	4,468,763
Less: Impairment allowance on interest in a joint venture	(156,551)	(156,551)
Share of:		
– Post-acquisition results	6,568,798	6,408,986
– Other comprehensive income	(514,410)	(415,638)
Dividend received	(4,660,991)	(4,551,461)
Share of net assets	5,705,609	5,754,099
Loans granted to joint ventures	989,385	999,056
	6,694,994	6,753,155

During the six months ended 30 June 2022, the significant changes in geopolitical situations caused by the outbreak of Russia-Ukraine conflict in February further adversely affected the business operation of Vesta Terminals B.V. (“Vesta”) during the period and are expected to impact its prospect. Accordingly, certain non-current assets attributable to Vesta in Europe were assessed to be not recoverable as at 30 June 2022 and, accordingly, a related impairment loss of HK\$280,758,000 is included in the Group’s share of Vesta’s results for the six months ended 30 June 2022.

As at 30 June 2022 and 31 December 2021, the Group pledged its 50% equity interest in Fujairah Oil Terminal FZC (“FOT”), a joint venture of the Group, for certain bank loans of FOT.

14 INTERESTS IN ASSOCIATES

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Cost of unlisted investments	419,030	419,030
Share of:		
– Post-acquisition results	1,490,882	1,389,598
– Other comprehensive income	(56,991)	(14,719)
Dividend received	(857,435)	(684,982)
Share of net assets	995,486	1,108,927
Loan granted to an associate	42,819	42,584
	1,038,305	1,151,511

15 TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Trade receivables from:		
– An intermediate holding company	580,512	650,876
– Others	1,749	1,705
Bills receivables	32,741	–
	615,002	652,581
Other receivables		
– Dividend receivables from joint ventures and an associate	232,480	936,192
– Others	30,191	32,925
	262,671	969,117
	877,673	1,621,698

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

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

15 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Within 1 month	47,201	46,779
1 to 2 months	42,508	25,064
2 to 3 months	77,810	40,692
3 to 12 months	381,819	452,277
Over 12 months	65,664	87,769
	615,002	652,581

16 CASH AND CASH EQUIVALENTS

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Cash at bank and on hand	978,660	891,032
Deposits at bank	3,698,637	2,859,400
Deposits at related financial institutions at call	605,873	447,109
Total cash and cash equivalents	5,283,170	4,197,541

Deposits at related financial institutions primarily represent deposit placed at Sinopec Century Bright Capital Investment Ltd. and Sinopec Finance Co., Ltd, financial institutions registered with the Hong Kong Monetary Authority and China Banking and Insurance Regulatory Commission respectively.

17 TRADE AND OTHER PAYABLES

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Trade payables from:		
– Related parties	958	284
– Others	36,547	116,679
	37,505	116,963
Other payables		
– Amounts due to the immediate holding company, an intermediate holding company and other related parties	22,656	15,097
– Accrued charges	79,061	81,045
– Dividend payables	298,339	–
	400,056	96,142
	437,561	213,105

Trade payable balances are repayable within one year.

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

17 TRADE AND OTHER PAYABLES (CONTINUED)

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

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Within 1 month	3,420	27,642
1 to 3 months	228	160
3 to 12 months	33,584	836
Over 12 months	273	88,325
	37,505	116,963

18 COMMITMENTS

- a. As at 30 June 2022, the outstanding capital commitments not provided for in interim financial information were as follows:

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Contracted for but not provided for	83,186	82,564

18 COMMITMENTS (CONTINUED)

- b. As at 30 June 2022, the total future minimum lease payments under non-cancellable operating leases were receivable as follows:

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Within 1 year	264	245

19 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with intermediate holding companies and other related parties

The Group is part of a larger Group of companies under Sinopec Group, which is owned by the PRC government, and has significant transactions and relationship with Sinopec Group and its subsidiaries.

19 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with intermediate holding companies and other related parties (Continued)

During the period, the Group had the following significant transactions with Sinopec Group companies, joint ventures and an associate:

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Sinomart Development		
Interest income from a fellow subsidiary	217	348
Professional fee paid to a fellow subsidiary	1,594	–
Huade Petrochemical Co., Ltd.		
Jetty service fees from an intermediate holding company (Note (a))	267,459	275,034
Fuel oil jetty service fees from a fellow subsidiary (Note (b))	28,289	28,347
Jetty service fees from fellow subsidiaries (Note (a))	4,420	8,006
Insurance premium paid to a fellow subsidiary (Note (c))	(572)	(572)
Interest income from a fellow subsidiary	389	227
Oil products purchased from a related party (Note (d))	(2,380)	(2,446)
Joint ventures and associate		
Interest income from:		
– Joint ventures	27,506	28,096
– An associate	1,641	1,819

19 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with intermediate holding companies and other related parties (Continued)

The balances with related parties are disclosed from Notes 15 to 17 in this interim financial information.

Notes:

- (a) The jetty service fees were charged in accordance with the service rates as set out in relevant agreements and at rates based on the state-prescribed price regulated and standardised by the Ministry of Transport and government-approved prices approved by the Guangdong Provincial Price Supervision and Inspection and Anti-Trust Bureau in the PRC.
- (b) The fuel oil jetty service fees were charged in accordance with the Sinopec Fuel Oil Sales Company Limited Framework Master Agreement, with reference to, among other factors, law and regulations, market conditions, normal commercial terms, trade customs and the principle of fairness.
- (c) The insurance premium was calculated at rates that are set and revised by the ultimate holding company from time to time under the framework of the relevant provisions of a document jointly issued by the ultimate holding company and the Ministry of Finance in the PRC in 1998.
- (d) The transaction price for purchasing oil products was determined in accordance with the state-prescribed prices of diesel published by the National Development and Reform Commission.

19 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with other state-controlled entities in the PRC

Apart from the aforementioned transactions with the Sinopec Group, joint ventures and an associate, the Group also has transactions with other state-controlled entities. These transactions include but not limited to (i) jetty services fees; (ii) construction work; (iii) rendering and receiving services; and (iv) use of public utilities.

These transactions are conducted in the ordinary course of the Group's business.

20 PT. WEST POINT TERMINAL PROJECT

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

20 PT. WEST POINT TERMINAL PROJECT (CONTINUED)

To secure its right to enforce the arbitral awards in Indonesia, the Group has completed the necessary procedures with District Court of Central Jakarta in 2020. The Group engaged two consulting firms to jointly prepare an updated feasibility study report for the Batam Project, which is currently at the assessment and validation stage so as to provide a basis for the future decision of the project. The Group will continue to monitor the situation of Batam Project closely, in order to protect the best interests of the Group and its shareholders.

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

INTERIM DIVIDEND

The Board declared the payment of an interim dividend of HK8 cents per share in cash for the year 2022 to shareholders whose names appear on the register of members of the Company on 23 September 2022 (Friday).

Closure of Register of Members

The register of members of the Company will be closed, for the purpose of determining shareholders' entitlement to the interim dividend, from 19 September 2022 (Monday) to 23 September 2022 (Friday) (both days inclusive) during which period no transfer of shares can be registered. In order to qualify for the interim dividend, all share transfers, accompanied by relevant share certificates, must be lodged with Tricor Secretaries Limited, the branch share registrar of the Company, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:00 p.m. on 16 September 2022 (Friday). The cheques for dividend payment will be sent on or around 19 October 2022 (Wednesday).

OTHER INFORMATION

Directors' and Chief Executives' Interests or Short Positions in the Shares, Underlying Shares and Debentures

As at 30 June 2022, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")), which is required to be notified to the Company and the Stock Exchange of Hong Kong pursuant to Divisions 7 and 8 of Part XV of the SFO or which is required to be entered in the register kept under section 352 of the SFO or otherwise required to be notified by the Directors and the chief executives of the Company to the Company and the Stock Exchange of Hong Kong pursuant to the Model Code for Securities

Transactions by Directors of Listed Issuers (the "Model Code") set forth in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong (the "Listing Rules").

Interests and Short Positions of Substantial Shareholders in the Shares and Underlying Shares

Save as disclosed below, the Directors are not aware of any person (other than the Directors and chief executives of the Company) who, as at 30 June 2022, had interests or short positions in the shares or underlying shares of the Company which would have to be disclosed to the Company and the Stock Exchange of Hong Kong under Divisions 2 and 3 of Part XV of the SFO or which were entered in the register required to be kept by the Company under section 336 of the SFO:

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

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

Corporate Governance

The Company is committed to achieving a high standard of corporate governance and reviews its corporate governance practices from time to time to safeguard and endeavour to enhance the rights and interests of its shareholders.

During the six months ended 30 June 2022, the Company has complied with the applicable provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”), except for the following:

On 16 June 2022, the Company convened the annual general meeting. Mr. Chen Yaohuan, Chairman of the Board, was not able to come to Hong Kong to attend and preside the annual general meeting as required under Code Provision F.2.2 of the Corporate Governance Code due to the impact of the novel coronavirus pandemic control measures. Pursuant to Bye-law 71 of the Bye-laws of the Company and according to the election by the attending Directors, Mr. Sang Jinghua, the General Manager and executive Director, presided over the annual general meeting.

To ensure effective communication with shareholders, all independent non-executive Directors and the external independent auditor attended the annual general meeting of the Company either in person or by telephone to answer shareholders' questions.

Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding the Directors' securities transactions. Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code during the six months ended 30 June 2022.

Changes in Directors' Biographical Details

The changes in director's biographical details disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Company's 2021 annual report up to the date of this report are set out below:

Independent non-executive Director Ms. Tam Wai Chu, Maria has resigned as director of Hong Kong Chronicles Institute Limited with effect from 13 May 2022.

Audit Committee

The audit committee of the Company (the “**Audit Committee**”) comprises all four independent non-executive Directors, of which one of the independent non-executive Directors, Mr. Fong Chung, Mark, is the chairman of the Audit Committee. The Audit Committee is responsible for reviewing the accounting principles and practices, auditing, the internal control and risk management systems, internal audit and legal and regulatory compliance of the Group. Furthermore, the Audit Committee reviews the interim and annual results of the Group prior to recommending them to the Board to approval. The Audit Committee can meet to review financial reporting and risk management and internal control matters and has unrestricted access to the Company’s auditors. The Audit Committee has reviewed the unaudited interim financial report of the Group for the six months ended 30 June 2022.

Remuneration Committee

The remuneration committee of the Company (the “**Remuneration Committee**”) comprises four independent non-executive Directors and two executive Directors, of which one of the independent non-executive Directors, Ms. Tam Wai Chu, Maria, is the chairlady of the Remuneration Committee.

Nomination Committee

The nomination committee of the Company (the “**Nomination Committee**”) comprises four independent non-executive Directors and two executive Directors, of which one of the independent non-executive Directors, Dr. Wong Yau Kar, David, is the chairman of the Nomination Committee.

Purchase, Sale or Redemption of the Company’s Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2022.

Share Option Scheme

For the six months ended 30 June 2022, the Company had not established and implemented any share option scheme.

Sufficiency of Public Float

According to the information publicly available to the Company and to the best knowledge of the Directors, the Company had maintained sufficient public float as required under the Listing Rules throughout the six months ended 30 June 2022 and as at the date of this report.

Corporate Sustainability

The Company attaches great importance to and actively practices corporate social responsibility. While striving to improve its operating results and generate a return for shareholders, the Company fulfils its corporate social responsibility towards its employees, the community and the environment, and promotes sustainable development of the Company and the society.

As at the date of this report, the Company continued to attain the “Good Level” in “Energywi\$e Certificate” and “Good Level” in “Wastewi\$e Certificate” under the Hong Kong Green Organisation Certification, which shows the Company’s continuous investment in environmental protection.

In the first half of 2022, the Company organised its employees to participate in the annual global event “Earth Hour” organised by the World Wide Fund for Nature (WWF), thereby encouraging them to make their own contributions to environmental protection.

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

Hong Kong, 26 August 2022