



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

2020



To become a *world class*
international petrochemical
storage and logistics
company





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CORPORATE *Information*

EXECUTIVE DIRECTORS

Mr. Chen Yaohuan (*Chairman*)
Mr. Xiang Xiwen (*Deputy Chairman, resigned on 25 March 2020*)
Mr. Zhong Fuliang (*appointed on 25 March 2020*)
Mr. Mo Zhenglin (*appointed on 25 March 2020*)
Mr. Yang Yanfei (*appointed on 25 March 2020*)
Mr. Zou Wenzhi (*appointed on 25 March 2020*)
Mr. Wang Guotao
Mr. Ye Zhijun (*Managing Director*)
Mr. Dai Liqi (*resigned on 25 March 2020*)
Mr. Li Jianxin (*resigned on 25 March 2020*)

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 (*Chairperson*)
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. Ye Zhijun

NOMINATION COMMITTEE MEMBERS

Dr. Wong Yau Kar, David (*Chairperson*)
Mr. Chen Yaohuan
Ms. Tam Wai Chu, Maria
Mr. Fong Chung, Mark
Ms. Wong Pui Sze, Priscilla
Mr. Ye Zhijun

COMPANY SECRETARY

Mr. Li Wenping
Mr. Lai Yang Chau, Eugene (*Practising Solicitor*)

AUTHORISED REPRESENTATIVES

Mr. Ye Zhijun
Mr. Li Wenping

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PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
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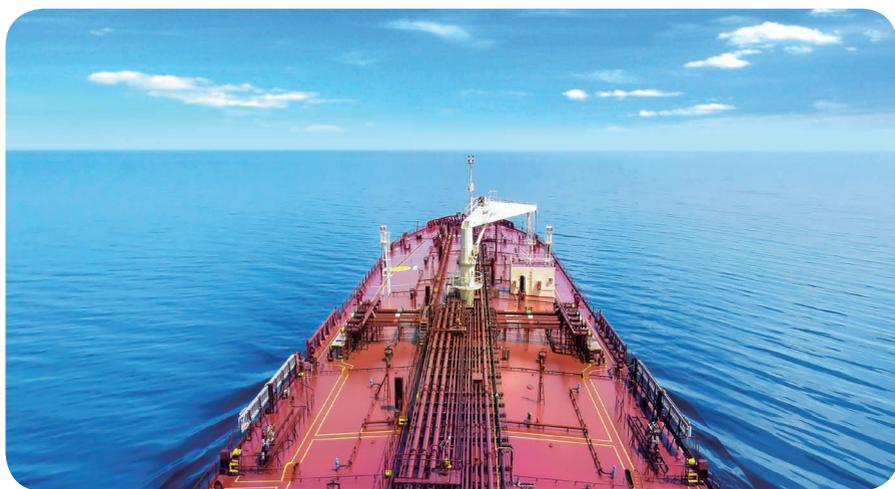
LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Stock Code: 934

MANAGEMENT *Discussion and Analysis*

Business Review and Prospects

In the first half of 2020, the sudden outbreak of novel coronavirus pandemic has a significant impact on the Chinese and global economy, which combined with the repeated Sino-US trade frictions and geopolitical tensions has adverse effects on both macroeconomy and business operations. In the face of multiple challenges, Sinopec Kantons Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) with firm confidence and adherence to the philosophy of “Keep an enduring foothold, plan for the present, implement strategies precisely and respond actively”, formulated practical response measures and pandemic prevention and control programs for different operating entities, business departments and business positions to ensure that both production and operation as well as pandemic prevention and control were implemented properly during the pandemic period. On the premise of safeguarding the physical and mental health of employees, stable production and operation were maintained, while the negative impact of the pandemic and the external operating environment were minimized at best efforts. In the first half of the year, the Group’s revenue was approximately HK\$633 million, representing a year-on-year decrease of approximately 15.31%. Profit for the period was approximately HK\$610 million, representing a year-on-year decrease of approximately 16.13%, translating into earnings per share of approximately HK24.53 cents. Despite the decline in the operating results of the Group in the first half of the year, in order to demonstrate the determination to overcome difficulties with shareholders and people from all walks of life during the pandemic, the board of directors (“the **Directors**”) (the “**Board**”) of the Company decided to maintain the interim cash dividend for 2020 consistent with the same period last year, which is HK8 cents per share for the interim cash dividend for 2020.



During the first half of 2020, as China Petroleum & Chemical Corporation (“**Sinopec Corp.**”) Guangzhou Branch (“**Guangzhou Petrochemical**”), the largest downstream customer of Huizhou Daya Bay Huade Petrochemical Company Ltd. (“**Huade Petrochemical**”), the Company’s wholly-owned subsidiary, had maintained a lower run rate of oil refinery equipment during the pandemic, Huade Petrochemical’s crude oil jetty unloading and crude oil pipeline transmission business was also affected to a certain extent. In order to continue to reduce its reliance on its largest customer, Huade Petrochemical continuously strengthened its cooperation with potential business partners while properly maintaining production and operation well. Following the entering into of a jetty services framework agreement with a third party last year, in the first half of the year, Huade Petrochemical successfully reached a cooperation intention with another third party, and formally entered into a cooperation framework agreement regarding the provision of jetty unloading and storage services, which has laid the foundation for realizing customer diversification, continuous expansion of business scale and enhancing profitability. In the first half of the year, Huade Petrochemical unloaded approximately 6.19 million tonnes of crude oil from 39 oil tankers, representing a year-on-year decrease of approximately 5.06%, while it transmitted approximately 5.94 million tonnes of crude oil, representing a year-on-year decrease of approximately 4.96%. The segment revenue was approximately HK\$296 million, representing a year-on-year decrease of approximately 7.08%; while the segment results from Huade Petrochemical were approximately HK\$138 million, representing a year-on-year decrease of approximately 11.16%.

In the first half of 2020, the international crude oil price experienced a brief and huge drop, which created a rare opportunity for crude oil imports. However, due to the general decline in the refining run rate of various refineries in China during the pandemic, the aggregate throughput of the oil jetty associate and joint ventures of the Group recorded a year-on-year decrease. In the first half of the year, the aggregate throughput of Zhan Jiang Port Petrochemical Jetty Co., Ltd. (“**Zhan Jiang Port Terminal**”), Qingdao Shihua Crude Oil Terminal Co., Ltd. (“**Qingdao Shihua**”), Ningbo Shihua Crude Oil Terminal Co., Ltd. (“**Ningbo Shihua**”), Rizhao Shihua Crude Oil Terminal Co., Ltd. (“**Rizhao Shihua**”), Tianjin Port Shihua Crude Oil Terminal Co., Ltd. (“**Tianjin Shihua**”) and Tangshan Caofeidian Shihua Crude Oil Terminal Co., Ltd. (“**Caofeidian Shihua**”), being the associate and joint ventures of the Company (collectively, the “**Six Domestic Terminal Companies**”) reached approximately 125 million tonnes, representing a year-on-year decrease of approximately 2.34%. The aggregate investment return was approximately HK\$408 million, representing a year-on-year decrease of approximately 22.58%.

MANAGEMENT *Discussion and Analysis*

During the first half of 2020, the upstream Daniudi gas field of Sinopec Yu Ji Pipeline Company Limited (“**Yu Ji Pipeline Company**”), a wholly-owned subsidiary of the Company, was temporarily suspended for operation some time during the pandemic, which led to a sharp decrease in natural gas supply. In order to proactively respond, Yu Ji Pipeline Company strived to expand supply channels while increasing and expanding the supply of other gas sources. However, the relatively shorter pipeline transmission distance of such gas sources has led to a significant drop in the revenue of pipeline transmission business. In the first half of the year, the natural gas transmission volume of Yu Ji Pipeline Company amounted to approximately 1.832 billion m³, representing a year-on-year decrease of approximately 4.78%, the segment revenue was approximately HK\$338 million, representing a year-on-year decrease of approximately 21.41%, and the segment results were approximately HK\$101 million, representing a year-on-year decrease of approximately 39.45%.

In the first half of 2020, the Group’s liquefied natural gas (“**LNG**”) vessel logistics segment overcame the difficulties of preventing and controlling novel coronavirus in confined spaces of vessels and the restrictions on vessel berthing, and actively adopted effective measures to ensure smooth operation of the eight LNG vessels. In accordance with the LNG vessel chartering

contracts, the charter rate of vessels was required to be adjusted regularly on the basis of review of the actual operating costs. In addition, during the first half of the year, a one-time adjustment was made to the vessel dry-docking and repair costs based on actual cost occurrences, thereby bringing a certain negative impact on the investment return of the LNG vessel logistics segment. In the first half of the year, the eight LNG vessels completed a total of 51 voyages and generated investment return of approximately HK\$47.01 million, representing a year-on-year decrease of approximately 4.67%.



During the first half of 2020, Fujairah Oil Terminal FZC (“**FOT**”), a joint venture of the Company, focused on pandemic prevention and control while also keeping up with production and operation. At the same time, on the basis of accurately grasping the expected changes in the oil product market, FOT actively carried out marketing strategies to strivingly increase the rental of storage tanks. In addition, FOT has continuously strengthened its production safety, and was for the first time awarded the 2020 “Safety Excellence Award” issued by “Tank Storage”, an international bulk liquid storage magazine, achieving both excellence in safety production and great operating results. The investment return from FOT in the first half of the year was approximately HK\$33.55 million, representing a year-on-year growth of approximately 379.97%. In the first half of 2020, the operating environment of the surrounding market of Vesta Terminals B.V. (“**Vesta**”) in Europe, a joint venture of the Company, has not yet completely emerged from the downturn. In addition, due to the impact of the spread of novel coronavirus, there were greater challenges on production and operation. However, since Vesta has previously carried out a large amount of work in raising the quality and efficiency while further enhancing its effort in market expansion during the first half of the year, the occupancy rate and average rental of storage tanks have been further improved, with the occupancy rate of storage tanks having reached 100% in June. The investment return from Vesta in the first half of the year was approximately HK\$13.05 million, achieving a significant improvement from approximately HK\$230,000 in the same period last year.

In order to maximize shareholder’s interests and continuously increase the return on assets of each business segment, the Board decided to dispose of the natural gas pipeline transmission business in a timely manner after a serious and careful evaluation of the performance of each business segment. On 21 July 2020, the Group formally entered into a share purchase agreement with China Oil & Gas Pipeline Network Corporation (“**PipeChina**”), regarding the disposal of 100% equity interests in Yu Ji Pipeline Company. The Company plans to continue to use the proceeds generated from the disposal to develop core businesses such as crude oil jetty and storage services, so as to further enhance the competitiveness of core businesses and overall profitability of the Group, and strive to shape the Company into a world class international petrochemical storage and logistics company as soon as possible.

Looking forward to the second half of the year, trade disputes and geopolitical frictions are likely to continue. Coupled with the continued spread of the novel coronavirus pandemic, the global economic situation will face multiple challenges. The Board will continue to conscientiously grasp the macro-economic situation, review the situation, actively respond and seek progress while maintaining stability. It will strive to deliver the continuous optimization of production, operation and asset structure and dedicate to achieving the annual production and operation targets, and do its utmost to create value for all stakeholders and realize the sustainable development of the Company.

MANAGEMENT *Discussion and Analysis*

Revenue, Gross Profit and Operating Profit

In the first half of 2020, the Group's revenue was approximately HK\$633,452,000 (first half of 2019: HK\$747,974,000), representing a decrease of approximately 15.31% as compared with the same period last year; gross profit was approximately HK\$285,050,000 (first half of 2019: HK\$370,354,000), representing a decrease of approximately 23.03% as compared with the same period last year; operating profit was approximately HK\$253,355,000 (first half of 2019: HK\$339,513,000), representing a decrease of approximately 25.38% as compared with the same period last year. The decreases in revenue, gross profit and operating profit were mainly due to the following reasons: the business volume of Huade Petrochemical, a wholly-owned subsidiary of the Company, had decreased due to impact of the pandemic in the first half of the year, the amortisation of the increased dredging fee as a result of the typhoon "Mangkhut" and the increase of related repair fee. In addition, the upstream Daniudi gas field of Yu Ji Pipeline Company, a wholly-owned subsidiary of the Company, suspended operation for some time during the pandemic period, resulting in a decrease in long-distance gas volume. With the decline in the proportion of long-distance pipeline transmission volume to total pipeline transmission volume, revenue from pipeline transmission business decreased correspondingly.

Segmental Information

Segmental information of the Group for the six months ended 30 June 2020 is set out in note 6 to the financial statements.

In the first half of 2020, the segment revenue and segment results of the Group's crude oil jetty and storage business were approximately HK\$295,938,000 (first half of 2019: HK\$318,495,000) and HK\$592,162,000 (first half of 2019: HK\$689,612,000) respectively, representing decreases of approximately 7.08% and 14.13% respectively as compared with the same period last year. The decrease in segment revenue of crude oil jetty and storage business was due to the fact that the year-on-year decrease in jetty throughput of Huade Petrochemical as affected by the pandemic in the first half of 2020. In addition to the decline in the total throughput of the terminals due to the pandemic, the decrease in segment results was also due to the fact that Zhan Jiang Port Terminal, an associate of the Company, received income tax refund of the full year of 2018 and corresponding period from the government in the same period of last year due to the qualification of National High-tech Enterprise, resulting in a higher base in the same period last year.

In the first half of 2020, the segment revenue and segment results of the Group's natural gas pipeline transmission business were approximately HK\$337,514,000 (first half of 2019: HK\$429,479,000) and HK\$100,598,000 (first half of 2019: HK\$166,143,000) respectively, representing decreases of approximately 21.41% and 39.45% respectively as compared with the same period last year, which were mainly due to the decrease in the proportion of long-distance pipeline transmission volume of natural gas in total pipeline transmission volume in the first half of the year.

In the first half of 2020, the segment results of the Group's vessel chartering and logistics business were approximately HK\$47,012,000 (first half of 2019: HK\$49,315,000), representing a decrease of approximately 4.67% as compared with the same period last year, which was mainly due to the one-off adjustment of the provision for dry-docking and repair costs on the basis of actual costs in the first half of the year.

Other Income and Other Gains, Net

In the first half of 2020, the Group's other income and other gains, net were approximately HK\$49,679,000 (first half of 2019: HK\$38,398,000), representing an increase of approximately 29.38% as compared with the same period last year. Such increase was mainly due to (i) the year-on-year increase in interest income from shareholder loans in the first half of the year; and (ii) the increase in the VAT refunds obtained by Huade Petrochemical as compared with the same period last year.

Administrative Expenses and Distribution Costs

In the first half of 2020, the Group's administrative expenses were approximately HK\$72,271,000 (first half of 2019: HK\$64,456,000), representing an increase of approximately 12.12% as compared with the same period last year. Distribution costs were approximately HK\$9,103,000 (first half of 2019: HK\$4,783,000), representing an increase of approximately 90.32% as compared with the same period last year. The increases in administrative expenses and distribution costs were mainly due to the increase in labor costs.

Finance Income

In the first half of 2020, the Group's finance income was approximately HK\$1,037,000 (first half of 2019: HK\$1,538,000), representing a year-on-year decrease of approximately 32.57%, which was mainly due to the decrease in interest income resulting from the decrease in the average deposit of the Group.

MANAGEMENT *Discussion and Analysis*

Finance Costs

In the first half of 2020, the Group's finance costs were approximately HK\$40,361,000 (first half of 2019: HK\$64,635,000), representing a decrease of approximately 37.56% as compared with the same period last year. It was because the Group increased its repayment efforts, and thus the loan scale decreased as compared with the same period last year; while the other reason being the interest rate of the new loan agreement entered into in the first half of the year was lower than that of the original loan agreement, which resulted in a corresponding decrease in interest expenses.

Share of Results of Joint Ventures

In the first half of 2020, the Group's share of results of joint ventures was approximately HK\$421,518,000 (first half of 2019: HK\$468,385,000), representing a decrease of approximately 10.01% as compared with the same period last year, which was mainly due to the decrease in the throughput of the Company's joint venture jetty companies resulted from the pandemic.

Share of Results of Associates

In the first half of 2020, the Group's share of results of associates was approximately HK\$79,686,000 (first half of 2019: HK\$115,240,000), representing a decrease of approximately 30.85% as compared with the same period last year, which was caused mainly by Zhan Jiang Port Terminal, an associate of the Company, received income tax refund from the government for the same period last year due to the qualification of National High-tech Enterprise, resulting in a higher base in the same period last year.

Income Tax Expenses

In the first half of 2020, the Group's income tax expenses were approximately HK\$105,728,000 (first half of 2019: HK\$133,294,000), representing a decrease of approximately 20.68% as compared with the same period last year. This was mainly due to the decrease in taxable profits of Huade Petrochemical and Yu Ji Pipeline Company.

Prepayment

As at 30 June 2020, the Group's prepayment was approximately HK\$23,061,000 (as at 31 December 2019: HK\$31,097,000), representing a decrease of approximately 25.84% as compared with the end of last year, which was mainly because the dredging fee of Huade Petrochemical's navigation channel was included in the long-term deferred expense assets and to be amortized on schedule.

Liquidity and Source of Finance

As at 30 June 2020, the Group's cash and bank balances amounted to approximately HK\$243,859,000 (as at 31 December 2019: HK\$223,484,000), representing an increase of approximately 9.12% as compared with the end of last year, which was mainly due to the increased bank balances of Yu Ji Pipeline Company.

Gearing Ratio

As at 30 June 2020, the Group's current ratio (current assets to current liabilities) was approximately 1.13 (as at 31 December 2019: 0.43), and gearing ratio (total liabilities to total assets) was approximately 20.13% (as at 31 December 2019: 22.18%).

Deferred Income Tax Liabilities

As at 30 June 2020, the Group's deferred income tax liabilities were approximately HK\$164,501,000 (as at 31 December 2019: HK\$146,724,000), representing an increase of approximately 12.12% as compared with the end of last year, which was mainly because since 1 January 2020, the dividend payout ratio of Zhan Jiang Port Terminal has been increased from 50% to 100%, resulted in the increase of the related deferred dividend withholding tax.

MANAGEMENT *Discussion and Analysis*

Lease Liabilities

As at 30 June 2020, the Group's lease liabilities were approximately HK\$13,942,000 (as at 31 December 2019: HK\$18,632,000), representing a decrease of approximately 25.17% as compared with the end of last year, in which approximately HK\$9,997,000 was non-current lease liabilities (31 December 2019: HK\$11,709,000) and approximately HK\$3,945,000 was current lease liabilities (31 December 2019: HK\$6,923,000), representing decreases of approximately 14.62% and 43.02 % respectively, as compared to the end of last year. The decrease in lease liabilities was mainly due to the fact that the Group deducted the paid rent from lease liabilities and recorded the interest expenses in the profit or losses for the corresponding period in accordance with Hong Kong Financial Reporting Standards 16.

Borrowings

As at 30 June 2020, the Group's total borrowings were approximately HK\$1,820,649,000 (as at 31 December 2019: HK\$2,518,494,000), representing a decrease of approximately 27.71% as compared with the end of last year. Among which, current borrowings and non-current borrowings amounted to approximately HK\$189,453,000 (31 December 2019: HK\$2,518,494,000) and HK\$1,631,196,000 (31 December 2019: HK\$0), respectively. The decrease in total borrowings was mainly due to the increase in repayment of loans by the Group in the first half of the year. Furthermore, in the first half of 2020, Yu Ji Pipeline Company successfully converted all current liabilities into non-current liabilities by entering into a new loan agreement.

Trade and Other Payables

As at 30 June 2020, the Group's trade and other payables were approximately HK\$1,012,577,000 (as at 31 December 2019: HK\$762,557,000), representing an increase of approximately 32.79% as compared with the end of last year, which was mainly due to the increase in the fund payable of the Company to Sinopec Kantons International Limited ("**Kantons International**"), the direct controlling shareholder of the Company.

Income Tax Payable

As at 30 June 2020, the income tax payable of the Group was approximately HK\$54,423,000 (as at 31 December 2019: HK\$17,089,000), representing an increase of approximately 218.47% as compared with the end of last year, which was mainly due to the increase in corporate income tax payable by Yu Ji Pipeline Company and Huade Petrochemical as compared to the end of last year.

Significant Investment, Acquisition and Disposal

Save as disclosed in this report, the Group did not have any other significant investment, acquisition and disposal for the six months ended 30 June 2020.

Exchange Risk

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

On 9 October 2012, the Group entered into the shareholders' agreement regarding to the construction of 2.60 million m³ oil storage and terminal facilities in Batam Island, Indonesia (the "**Batam Project**"). In accordance with the shareholders' agreement, as at 30 June 2020, 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 difference between the amount in HK\$ to be paid and the amount based on the corresponding exchange rate as at the date of the agreement.

Save for the above, the Group was not exposed to any other significant foreign exchange risks during the reporting period.

MANAGEMENT *Discussion and Analysis*

Guarantee and Assets Pledged by the Group

As at 30 June 2020, guarantee and assets pledged by the Group were as follows:

Guarantor	Guaranteed entity	Name of agreement	Content of guarantee clause	Date of agreement	Guarantee period	Guarantee balance as at 30 June 2020
The Company	Sinmart Development ^{Note}	Sponsor Support Agreement of FOT	Sinmart Development shall make sponsor support loan to FOT subject to the terms set out in this agreement. Sinmart Development's obligation shall be guaranteed by the Company.	14 June 2015	Until full repayment of the loan in respect of the project	US\$30 million
Sinmart Development	PT. West Point Terminal ("PT. West Point")	Land Lease Agreement of Batam Project, Indonesia	In the event that PT. West Point fails to pay to lessor any amount of the land lease fee when due under the Land Lease Agreement, Sinmart 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

Note: To support the project financing of FOT, Sinmart Development signed the Sponsor Support Agreement to make sponsor support loan to FOT under certain conditions according to the terms set out in this agreement. The sponsor support loan is guaranteed by the Company. Sinmart Development also entered into an equity pledge agreement on 6 August 2015, pursuant to which Sinmart Development pledged its 50% equity interest in FOT to the bank which offered loan in respect of the project of FOT until the full repayment of the loan.

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 2020.

About the Batam Project

On 9 October 2012, the Company, through its wholly-owned subsidiary, Sinomart Development, acquired 95% equity interest in PT. West Point, and proposed to invest and construct the Batam Project in Indonesia via PT. West Point. Due to the minority shareholder from Indonesia, the project entered arbitration. On 4 December 2019, the Group received arbitral awards from the International Court of Arbitration of the International Chamber of Commerce, which were in favour of Sinomart Development and PT. West Point in the arbitration. For details, please refer to the relevant announcements dated 25 April 2010, 9 October 2012, 15 November 2016, 21 March 2017 and 6 December 2019 published by the Company on the website of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange of Hong Kong**”) (www.hkexnews.hk) and the website of the Company (www.sinopec.com.hk).

In the first half of 2020, Sinomart Development and PT. West Point were applying for enforcement of arbitration awards in Indonesian court. The Group will take all appropriate measures and protect the rights and interests of the Company.

Events after the End of the Reporting Period

On 21 July 2020, the Company entered into a share purchase agreement with PipeChina regarding the disposal of 100% equity interest in Yu Ji Pipeline Company through its wholly-owned subsidiary Sinomart Development. On the same day, Yu Ji Pipeline Company and Sinopec Corp. Natural Gas Yu Ji Pipeline Branch Company entered into another sale and purchase agreement in relation to the disposal of Qingfeng Line and other related assets. For details, please refer to the relevant announcements and circular published by the Company on 21 July 2020 and 6 August 2020 respectively on the website of the Stock Exchange of Hong Kong and the website of the Company.

Save as disclosed herein, 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 2020, the Group had a total of 235 employees (as at 30 June 2019: 235 employees). Remuneration packages, including basic salaries, bonuses and benefits-in-kind, are structured by reference to market terms, trends of human resources costs in various regions and employees’ contributions based on performance appraisals. Subject to the profit of the Group and the performance of the employees, the Group also provides discretionary bonuses to employees as an incentive for their greater contributions.

REPORT ON REVIEW OF *Interim Financial Information*



羅兵咸永道

TO THE BOARD OF DIRECTORS OF SINOPEC KANTONS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 18 to 52, which comprises the interim condensed consolidated statement of financial position of Sinopec Kantons Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 June 2020 and the interim condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information 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 of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review 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.



羅兵咸永道

**TO THE BOARD OF DIRECTORS OF
SINOPEC KANTONS HOLDINGS LIMITED (Continued)**

(incorporated in Bermuda with limited liability)

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 interim financial information consists of making inquiries, 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 information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 20 August 2020

CONDENSED CONSOLIDATED *Income Statement*

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	6	633,452	747,974
Cost of providing services	7	(348,402)	(377,620)
Gross profit		285,050	370,354
Other income and other gains, net	7	49,679	38,398
Distribution costs		(9,103)	(4,783)
Administrative expenses	7	(72,271)	(64,456)
Operating profit		253,355	339,513
Finance income		1,037	1,538
Finance costs		(40,361)	(64,635)
Share of results of:			
– Joint ventures		421,518	468,385
– Associates		79,686	115,240
Profit before income tax		715,235	860,041
Income tax expenses	8	(105,728)	(133,294)
Profit for the period		609,507	726,747
Profit attributable to:			
Equity holders of the Company		609,794	727,112
Non-controlling interests		(287)	(365)
		609,507	726,747
Basic and diluted earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share)	10	24.53	29.25

The note on pages 25 to 52 form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF *Comprehensive Income*

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Profit for the period	609,507	726,747
Other comprehensive income for the period: <i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on currency translation		
– Subsidiaries	(85,669)	(15,784)
– Joint ventures	(89,301)	(35,683)
– Associates	(18,947)	(4,977)
	(193,917)	(56,444)
Cash flow hedges		
– Joint ventures	(90,726)	(82,959)
– An associate	(504)	961
	(91,230)	(81,998)
Other comprehensive (loss)/income for the period, net of tax	(285,147)	(138,442)
Total comprehensive income for the period	324,360	588,305
Total comprehensive income attributable to:		
Equity holders of the Company	324,647	588,670
Non-controlling interests	(287)	(365)
Total comprehensive income for the period	324,360	588,305

The note on pages 25 to 52 form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF *Financial Position*

As at 30 June 2020

	Note	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	5,501,907	5,762,627
Right-of-use assets		631,330	647,345
Investment properties		51,547	53,606
Prepayment		23,061	31,097
Interests in joint ventures	12	6,812,013	6,813,973
Interests in associates	13	876,511	954,994
Total non-current assets		13,896,369	14,263,642
Current assets			
Inventories		67,049	72,246
Trade and other receivables	14	1,108,453	1,137,385
Cash and bank balances	15	243,859	223,484
Total current assets		1,419,361	1,433,115
Total assets		15,315,730	15,696,757
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		248,616	248,616
Reserves		11,948,150	11,930,496
Equity attributable to equity holders of the Company		12,196,766	12,179,112
Non-controlling interests		35,463	35,750
Total equity		12,232,229	12,214,862

	Note	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		164,501	146,724
Government grants		17,409	18,399
Lease liabilities		9,997	11,709
Borrowings	17	1,631,196	–
Total non-current liabilities		1,823,103	176,832
Current liabilities			
Trade and other payables	16	1,012,577	762,557
Borrowings	17	189,453	2,518,494
Income tax payable		54,423	17,089
Lease liabilities		3,945	6,923
Total current liabilities		1,260,398	3,305,063
Total liabilities		3,083,501	3,481,895
Total equity and liabilities		15,315,730	15,696,757

The interim financial information on pages 18 to 52 were approved by the board of directors on 20 August 2020 and were signed on its behalf.

Chen Yaohuan
Chairman

Ye Zhijun
Managing Director

The note on pages 25 to 52 form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF *Changes in Equity*

For the six months ended 30 June 2020

	Attributable to equity holders of the Company												
	Note	Share	Share	Specific	Merger	General	Hedging	Exchange	Retained	Subtotal	Non-	Total	
		capital	premium	reserve	reserve	reserves	reserve	reserve	earnings		controlling		equity
		HK\$'000		HK\$'000		HK\$'000							
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)		
Balance at 1 January 2020		248,616	6,300,684	33	(962,326)	420,405	(215,147)	(574,147)	6,960,994	12,179,112	35,750	12,214,862	
Comprehensive income:													
Profit for the period		-	-	-	-	-	-	-	609,794	609,794	(287)	609,507	
Other comprehensive income													
Exchange differences on currency translation:													
- Subsidiaries		-	-	-	-	-	-	(85,669)	-	(85,669)	-	(85,669)	
- Joint ventures		-	-	-	-	-	-	(89,301)	-	(89,301)	-	(89,301)	
- Associates		-	-	-	-	-	-	(18,947)	-	(18,947)	-	(18,947)	
		-	-	-	-	-	-	(193,917)	-	(193,917)	-	(193,917)	
Net loss on cash flow hedges:													
- Joint ventures		-	-	-	-	-	-	(90,726)	-	(90,726)	-	(90,726)	
- An associate		-	-	-	-	-	-	(504)	-	(504)	-	(504)	
		-	-	-	-	-	-	(91,230)	(193,917)	-	(285,147)	(285,147)	
Other comprehensive (loss)/income for the period, net of tax		-	-	-	-	-	-	(91,230)	(193,917)	-	(285,147)	(285,147)	
Total comprehensive income for the period		-	-	-	-	-	-	(91,230)	(193,917)	609,794	324,647	(287)	324,360
Transaction with owners													
Appropriation of reserves		-	-	9,826	-	7,544	-	-	(26,024)	(8,654)	-	(8,654)	
Utilisation of specific reserve for the period		-	-	(1,172)	-	-	-	-	1,172	-	-	-	
Dividends	9(c)	-	-	-	-	-	-	-	(298,339)	(298,339)	-	(298,339)	
Total transaction with owners		-	-	8,654	-	7,544	-	-	(323,191)	(306,993)	-	(306,993)	
Balance at 30 June 2020		248,616	6,300,684	8,687	(962,326)	427,949	(306,377)	(768,064)	7,247,597	12,196,766	35,463	12,232,229	

For the six months ended 30 June 2019

Note	Attributable to equity holders of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Specific reserve	Merger reserve	General reserves	Hedging reserve	Exchange reserve	Retained earnings	Subtotal			
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)		
Balance at 1 January 2019	248,616	6,300,684	314	(962,326)	400,490	(161,446)	(307,031)	6,143,026	11,662,327	36,457	11,698,784	
Comprehensive income:												
Profit for the period	-	-	-	-	-	-	-	727,112	727,112	(365)	726,747	
Other comprehensive income												
Exchange differences on currency translation:												
- Subsidiaries	-	-	-	-	-	-	(15,784)	-	(15,784)	-	(15,784)	
- Joint ventures	-	-	-	-	-	-	(35,683)	-	(35,683)	-	(35,683)	
- Associates	-	-	-	-	-	-	(4,977)	-	(4,977)	-	(4,977)	
	-	-	-	-	-	-	(66,444)	-	(66,444)	-	(66,444)	
Net gain/(loss) on cash flow hedges:												
- Joint ventures	-	-	-	-	-	(82,959)	-	-	(82,959)	-	(82,959)	
- An associate	-	-	-	-	-	961	-	-	961	-	961	
Other comprehensive (loss)/income for the period, net of tax	-	-	-	-	-	(81,998)	(56,444)	-	(138,442)	-	(138,442)	
Total comprehensive income for the period	-	-	-	-	-	(81,998)	(56,444)	727,112	588,670	(365)	588,305	
Transaction with owners												
Appropriation of reserves	-	-	11,257	-	11,812	-	-	(31,963)	(8,894)	-	(8,894)	
Utilisation of specific reserve for the period	-	-	(2,363)	-	-	-	-	2,363	-	-	-	
Dividends	9(c)	-	-	-	-	-	-	(248,616)	(248,616)	-	(248,616)	
Total transaction with owners	-	-	8,894	-	11,812	-	-	(278,216)	(257,510)	-	(257,510)	
Balance at 30 June 2019	248,616	6,300,684	9,208	(962,326)	412,302	(243,444)	(363,475)	6,591,922	11,993,487	36,092	12,029,579	

The notes on pages 25 to 52 form an integral part of this interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF *Cash Flows*

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		226,582	781,311
The People's Republic of China tax paid		(28,997)	(91,604)
Withholding tax paid		(25,967)	(43,445)
Net cash generated from operating activities		171,618	646,262
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(30,258)	(3,521)
Repayments of loans and interest from a joint venture		43,285	55,727
Repayments of loans and interest from an associate		4,532	1,679
Interest income received		1,037	1,538
Dividend received from joint ventures and associates		543,159	121,636
Net cash generated from investing activities		561,755	177,059
Cash flows from financing activities			
Proceeds from borrowings		3,592,908	131,724
Repayments of borrowings		(4,256,150)	(733,724)
Repayment of lease liabilities		(5,080)	(4,378)
Finance costs paid		(40,594)	(64,635)
Net cash used in financing activities		(708,916)	(671,013)
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period	15	223,484	226,213
Effect of foreign exchange rate changes		(4,082)	(5,179)
Cash and cash equivalents at end of the period	15	243,859	373,342

The notes on pages 25 to 52 form an integral part of this interim financial information.

NOTES TO THE UNAUDITED INTERIM *Financial Information*

1 GENERAL INFORMATION

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

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

The condensed consolidated interim financial information is presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated. This condensed consolidated interim financial information was approved by the board of directors on 20 August 2020.

2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2020 has been prepared in accordance 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 information should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

NOTES TO THE UNAUDITED INTERIM *Financial Information*

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 2019.

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 do 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 as at 31 December 2019.

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 for the purposes of resource allocation and performance assessment, the Group has identified three reportable segments, namely, rendering of crude oil jetty and storage services, rendering of vessel chartering and logistics services and rendering of natural gas pipeline transmission services. All operating segments which fulfil the aggregation criteria under HKFRS 8 Operating segments have been identified by the Group's chief operating decision-maker and aggregated in arriving at the reportable segments of the Group.

- Crude oil jetty and storage services: this segment provides crude oil transportation, unloading, storage and other jetty services for oil tankers. Currently, the Group's activities in this regard are carried out in the People's Republic of China (the "**PRC**"), Europe and the Middle East.
- Vessel chartering and logistics services: this segment provides vessel chartering services for liquefied natural gas transportation. Currently, the Group's activities are mainly carried out in the PRC, Australia and Papua New Guinea.
- Natural gas pipeline transmission services: this segment 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 chief operating decision-maker monitors the results, assets and liabilities attributable to each reporting segment on the following basis:

NOTES TO THE UNAUDITED INTERIM *Financial Information*

6 SEGMENT REPORTING (continued)

Segment assets include all assets, except for cash and bank balances, investment properties, dividend receivables from joint ventures, right-of-use assets – properties in Hong Kong and prepaid land lease payments in Indonesia, unallocated trade and other receivables, property, plant and equipment. Segment liabilities exclude unallocated trade and other payables, lease liabilities, borrowings and deferred income tax liabilities. The Group's chief operating decision-maker has determined to present segment assets, liabilities and results of 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 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 amortisation and other corporate costs or income are excluded from segment results.

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

Information regarding the Group's reportable segments as provided to the Group's chief operating decision-maker for the purposes of resource allocation and assessment of segment performance 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 2020:

For the six months ended 30 June 2020

	Crude oil jetty and storage services HK\$'000 (Unaudited)	Vessel chartering and logistics services HK\$'000 (Unaudited)	Natural gas pipeline transmission services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue				
– Recognised at a point in time	233,542	-	337,514	571,056
– Recognised over time	62,396	-	-	62,396
	295,938	-	337,514	633,452
Segment results				
– Company and subsidiaries	137,970	-	100,598	238,568
– Joint ventures	375,629	45,889	-	421,518
– Associates	78,563	1,123	-	79,686
	592,162	47,012	100,598	739,772
Unallocated other corporate expenses				(24,537)
Profit before income tax				715,235
Income tax expenses				(105,728)
Profit for the period				609,507
Other segment items				
Bank interest income	327	-	628	955
Depreciation and amortisation	(61,531)	-	(125,598)	(187,129)
Capital expenditures	(30,026)	-	(4)	(30,030)

NOTES TO THE UNAUDITED INTERIM *Financial Information*

6 SEGMENT REPORTING (continued)

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

(i) As at and for the six months ended 30 June 2020: (continued)

As at 30 June 2020

	Crude oil jetty and storage services HK\$'000 (Unaudited)	Vessel chartering and logistics services HK\$'000 (Unaudited)	Natural gas pipeline transmission services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment assets				
- Company and subsidiaries	2,052,541	-	4,336,846	6,389,387
- Joint ventures	6,051,234	760,779	-	6,812,013
- Associates	812,161	64,350	-	876,511
	8,915,936	825,129	4,336,846	14,077,911
Unallocated assets				
- Cash and bank balances				243,859
- Trade and other receivables				18,677
- Investment properties				51,547
- Right-of-use assets				
• properties in Hong Kong				2,319
• prepaid land lease payments in Indonesia				573,394
- Dividend receivable from joint ventures and an associate				262,922
- Property, plant and equipment				85,101
				1,237,819
Total assets				15,315,730
Segment liabilities	87,375	-	1,762,026	1,849,401
Unallocated liabilities				
- Trade and other payables				878,045
- Borrowings				189,453
- Lease liabilities				2,101
- Deferred income tax liabilities				164,501
				1,234,100
Total liabilities				3,083,501

6 SEGMENT REPORTING (continued)

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

(ii) As at 31 December 2019 and for the six months ended 30 June 2019:

For the six months ended 30 June 2019

	Crude oil jetty and storage services HK\$'000 (Unaudited)	Vessel chartering and logistics services HK\$'000 (Unaudited)	Natural gas pipeline transmission services HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue				
- Recognised at a point in time	257,641	-	429,479	687,120
- Recognised over time	60,854	-	-	60,854
	318,495	-	429,479	747,974
Segment results				
- Company and subsidiaries	155,302	-	166,143	321,445
- Joint ventures	420,827	47,558	-	468,385
- Associates	113,483	1,757	-	115,240
	689,612	49,315	166,143	905,070
Unallocated other corporate expenses				(45,029)
Profit before income tax				860,041
Income tax expenses				(133,294)
Profit for the period				726,747
Other segment items				
Bank interest income	188	-	1,344	1,532
Depreciation and amortisation	(69,279)	-	(133,847)	(203,126)
Capital expenditures	(3,480)	-	(41)	(3,521)

NOTES TO THE UNAUDITED INTERIM *Financial Information*

6 SEGMENT REPORTING (continued)

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

(ii) As at 31 December 2019 and for the six months ended 30 June 2019: (continued)

As at 31 December 2019

	Crude oil jetty and storage services HK\$'000 (Audited)	Vessel chartering and logistics services HK\$'000 (Audited)	Natural gas pipeline transmission services HK\$'000 (Audited)	Total HK\$'000 (Audited)
Segment assets				
- Company and subsidiaries	1,969,974	-	4,545,362	6,515,336
- Joint ventures	6,035,441	778,532	-	6,813,973
- Associates	888,355	66,639	-	954,994
	8,893,770	845,171	4,545,362	14,284,303
Unallocated assets				
- Cash and bank balances				223,484
- Trade and other receivables				15,668
- Investment properties				43,329
- Right-of-use assets				
• properties in Hong Kong				5,081
• prepaid land lease payments in Indonesia				582,707
- Dividend receivable from joint ventures				446,540
- Property, plant and equipment				95,645
				1,412,454
Total assets				15,696,757
Segment liabilities	79,802	-	1,963,260	2,043,062
Unallocated liabilities				
- Trade and other payables				576,836
- Borrowings				710,088
- Lease liabilities				5,185
- Deferred income tax liabilities				146,724
				1,438,833
Total liabilities				3,481,895

6 SEGMENT REPORTING (continued)

(b) Analysis of information by geographical regions

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue		
– The PRC	633,452	747,974
Capital expenditures		
– The PRC	30,030	3,521
	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Non-current assets		
– The PRC	10,556,615	10,865,920
– Europe	1,342,759	1,332,031
– Indonesia	659,138	668,846
– Hong Kong	849,114	872,430
– United Arab Emirates	488,079	523,727
– Other regions	664	688
	13,896,369	14,263,642

NOTES TO THE UNAUDITED INTERIM *Financial Information***6 SEGMENT REPORTING (continued)****(b) Analysis of information by geographical regions (continued)**

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Total assets		
– The PRC	11,599,923	11,737,442
– Europe	1,342,759	1,332,031
– Indonesia	763,021	774,073
– Hong Kong	1,121,284	1,328,796
– United Arab Emirates	488,079	523,727
– Other regions	664	688
	15,315,730	15,696,757

(c) Major customers

For the purpose of disclosure under segment reporting for the six months ended 30 June 2020, several customers, being the branches and subsidiaries of Sinopec Group, including Sinopec Natural Gas Branch Company, China Petroleum & Chemical Corporation Guangzhou Branch and Sinopec Fuel Oil Sales Corporation Limited, from crude oil jetty services and natural gas pipeline transmission services have transactions that exceeded 96% (2019: 94%) of the Group's revenue, amounting to approximately HK\$607,653,000 (2019: HK\$700,681,000). These customers mainly operate in the PRC.

7 EXPENSES BY NATURE

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Net foreign exchange (gain)/loss	(4,732)	1,857
Depreciation and amortisation		
– Property, plant and equipment	183,434	203,255
– Investment properties	1,468	1,512
– Right-of-use assets	12,377	12,560

8 INCOME TAX EXPENSES

	Note	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current income tax:			
– PRC corporate income tax	(c)	56,456	76,819
– Hong Kong profits tax	(b)	2,626	1,286
		59,082	78,105
Deferred income tax charged	(d)	46,646	55,189
		105,728	133,294

NOTES TO THE UNAUDITED INTERIM *Financial Information*

8 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% (2019: 16.5%) on the estimated assessable profit for the six months ended 30 June 2020 and 2019.
- (c) The provision for PRC corporate income tax is based on statutory income tax rate of 25% of the assessable income of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC (2019: 25%).
- (d) Dividend distribution out of profit of foreign-invested enterprises earned in the PRC subsequent to 1 January 2008 is subject to withholding tax at a tax rate of 5% or 10%. During the six months ended 30 June 2020 withholding tax was provided for the portion of the relevant undistributed profits of the Group's subsidiaries, joint ventures and associates established in the PRC at a tax rate of 5% (2019: 5%).

9 DIVIDENDS

(a)

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interim dividend, declared	198,893	198,893

On 20 August 2020, the board of directors has resolved to declare an interim dividend of HK8.0 cents per ordinary share (2019: 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 2019 was paid on 20 July 2020 (2019: HK\$248,616,000).

10 EARNINGS PER SHARE

	Six months ended 30 June	
	2020 (Unaudited)	2019 (Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	609,794	727,112
Weighted average number of ordinary shares in issue (shares'000)	2,486,160	2,486,160
Basic earnings per share (HK cents per share)	24.53	29.25

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.

11 PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Balance, beginning of period	5,762,627	6,212,395
Additions	30,258	3,521
Depreciation	(183,434)	(203,255)
Currency translation differences	(107,544)	(20,880)
Balance, end of period	5,501,907	5,991,781

NOTES TO THE UNAUDITED INTERIM *Financial Information***12 INTERESTS IN JOINT VENTURES**

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Cost of unlisted investments	4,468,763	4,468,763
Share of:		
– post-acquisition results	5,042,205	4,620,687
– other comprehensive income	(1,012,629)	(832,602)
Dividends	(2,723,557)	(2,499,902)
Share of net assets	5,774,782	5,756,946
Loan granted to joint ventures	1,037,231	1,057,027
	6,812,013	6,813,973

As at 30 June 2020, the Group provided a guarantee of US\$30 million (equivalent to approximately HK\$233 million) and pledged its 50% equity interest in Fujairah Oil Terminal FZC (“**FOT**”), a joint venture of the Group for certain bank loans of FOT.

13 INTERESTS IN ASSOCIATES

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Cost of unlisted investments	419,030	419,030
Share of:		
– post-acquisition results	1,117,414	1,037,728
– other comprehensive income	(113,765)	(94,314)
Dividends	(594,117)	(458,231)
Share of net assets	828,562	904,213
Loan granted to an associate	47,949	50,781
	876,511	954,994

NOTES TO THE UNAUDITED INTERIM *Financial Information***14 TRADE AND OTHER RECEIVABLES**

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Trade receivables		
– An intermediate holding company and fellow subsidiaries	760,196	627,489
– Bills receivables	30,653	–
– Others	2,312	3,064
	793,161	630,553
Other receivables		
– Dividend receivables from joint ventures and an associate	262,922	446,540
– Others	52,370	60,292
	315,292	506,832
	1,108,453	1,137,385

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

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

14 TRADE AND OTHER RECEIVABLES (continued)

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

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Within 1 month	148,660	111,691
1 to 3 months	58,625	68,485
3 to 12 months	585,876	450,377
	793,161	630,553

15 CASH AND BANK BALANCES

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Cash and cash equivalents	243,859	130,473
Restricted bank balances	–	93,011
Total cash and bank balances	243,859	223,484

NOTES TO THE UNAUDITED INTERIM *Financial Information***16 TRADE AND OTHER PAYABLES**

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Trade payables		
– Fellow subsidiaries	68,888	83,403
– Others	20,801	51,540
	89,689	134,943
Other payables		
– Amounts due to the immediate holding company, intermediate holding companies and fellow subsidiaries	504,150	541,982
– Accrued charges	120,399	85,632
– Dividend payables	298,339	–
	922,888	627,614
	1,012,577	762,557

Trade payable balances are repayable within one year.

The amounts due to the immediate holding company, intermediate holding companies and fellow subsidiaries are unsecured, interest free and repayable on demand.

16 TRADE AND OTHER PAYABLES (continued)

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

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Within 1 month	17,482	116,970
1 to 3 months	14,888	17,973
3 to 12 months	57,319	–
	89,689	134,943

17 BORROWINGS

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Non-current		
– A related financial institution (Note a)	1,631,196	–
Current		
– Entrusted loan (Note c)	–	1,808,406
– A related financial institution (Note b)	189,453	710,088
	1,820,649	2,518,494

NOTES TO THE UNAUDITED INTERIM *Financial Information*

17 BORROWINGS (continued)

Notes:

- (a) In April 2020, the Group entered into a 3-year loan agreement with a related financial institution, Sinopec Finance Co., Ltd. Shandong Branch. This loan is unsecured, bore interest at a fixed rate of one year Loan Prime Rate as at 20 March 2020 minus 0.135%, at 3.915% per annum and is wholly repayable by 6 April 2023.
- (b) As at 30 June 2020, the Group has standby credit facilities with Century Bright, amounting to US\$500 million, equivalent to approximately HK\$3,875 million on an unsecured basis, at a weighted average interest rate of 1.16% per annum. At 30 June 2020, the Group's outstanding borrowings under these facilities were US\$24 million, equivalent to approximately HK\$189 million and were included in short-term borrowings. As at 30 June 2020, the undrawn borrowing facilities provided by Century Bright was US\$476 million, equivalent to approximately HK\$3,686 million.
- (c) In June 2016, the Group entered into an entrusted loan agreement with China International United Petroleum & Chemicals Co., Ltd ("**Unipe**c") and Bank of Communication ("**BOCOM**"), whereby Unipe
- c has agreed to provide a loan of RMB3,000 million through BOCOM to the Group. During the six months ended 30 June 2020, the outstanding balance of the entrusted loan has been fully repaid.

18 PT. WEST POINT TERMINAL PROJECT

On 11 November 2016, the Group received two requests for arbitration from the International Court of Arbitration of the International Chamber of Commerce ("**ICC Court**"). The requests for arbitration had been filed respectively by PT. MAS Capital Trust ("**PT. MAS**"), the 5% shareholder of PT. West Point Terminal ("**PT. West Point**") and PT. Batam Sentralindo ("**PT. BS**"), a shareholder of PT. MAS and the owner of land use rights leased to PT. West Point. The claimants' requests arose respectively, from a shareholders' agreement ("**SHA**") dated 9 October 2012 entered into between Sinomart KTS Development Limited ("**Sinomart Development**"), a subsidiary of the Group and PT. MAS for the establishment of PT. West Point, and from a land lease agreement ("**LLA**") dated 9 October 2012 entered into between PT. West Point and PT. BS.

Since then, the arbitral tribunal was established and certain submissions were filed by the parties in the arbitration. On 4 December 2019, Sinomart Development and PT. West Point received two notification of arbitral awards issued by the ICC Court. In the arbitral award concerning the LLA, the arbitral tribunal decided to dismiss all of PT. BS' claims and held that PT. West Point had the right to terminate the LLA due to PT. BS's material breaches of the LLA. The arbitral tribunal also ruled that, upon termination of the LLA, PT. West Point will be entitled to a refund of the unused portion of the lease fee that it paid to PT. BS under the LLA. Furthermore, in both awards, the arbitral tribunal ordered PT. BS and PT. MAS to bear all of the arbitration costs of the arbitral tribunal and the ICC in administering the arbitration, as well as 80% of Sinomart Development and PT. West Point's legal costs in connection with the arbitrations, as well as PT. MAS's and PT. BS's own legal costs.

18 PT. WEST POINT TERMINAL PROJECT (continued)

In January 2020, to enforce the arbitral awards in the jurisdiction where PT. MAS and PT. BS may have assets, Sinomart Development and PT. West Point have requested for the registration of the arbitral awards with the District Court of Central Jakarta in accordance with Indonesia Law, which stipulate the procedures of registration and enforcement of the arbitral award in Indonesia. The registration was completed in March 2020.

In July 2020, subsequent to the registration of arbitral awards, Sinomart Development and PT. West Point have successfully applied with the District Court of Central Jakarta for the enforcement of the arbitral awards. Such enforcement became final and legally binding, and can no longer be appealed by PT. MAS and PT. BS. The District Court of Central Jakarta has the rights to involve and execute the arbitral awards in Indonesia if PT. MAS and PT. BS failed to implement the arbitral awards voluntarily.

After taking into consideration of advices provided by the Group's legal counsel, with the enforcement of arbitral awards successfully applied, the termination of the LLA and SHA is at the discretion of Sinomart Development and PT. West Point and the directors believe that the application for enforcement of arbitral awards would facilitate the commencement of the construction of the project as soon as possible.

Concurrently, management has reached out to Indonesian Government, who is the ultimate owner of the land, aiming to obtain guarantee from relevant authorities on the continuance of the project. With the support from the Indonesian Government, the directors are confident with the continuance of the project, barring any unforeseen and uncontrollable circumstance. Accordingly, management has prepared a value-in-use calculation of PT. West Point Terminal project and are of the opinion that no provision is presently required with respect to the project.

19 COMMITMENTS

- (a) As at 30 June 2020, the outstanding capital commitments not provided for in interim financial information were as follows:

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Contracted for but not provided for	138,672	253,601

NOTES TO THE UNAUDITED INTERIM *Financial Information***19 COMMITMENTS (continued)**

- (b) As at 30 June 2020, the total future minimum lease payments under non-cancellable operating leases were receivable as follows:

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Within 1 year	734	1,467

20 MATERIAL RELATED PARTY TRANSACTIONS

- (a) **Transactions with an intermediate holding company and fellow subsidiaries**

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.

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

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Sinomart Development		
Interest expenses to a fellow subsidiary	(3,606)	(18,992)
Interest income from a fellow subsidiary	5	3

20 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with an intermediate holding company and fellow subsidiaries (continued)

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Huizhou Daya Bay Huade Petrochemical Company Ltd. ("Huade Petrochemical")		
Jetty service fees from an intermediate holding company (Note (i)(a))	248,668	305,169
Fuel oil jetty service fees from an intermediate holding company (Note (i)(b))	27,415	23,866
Insurance premium paid to a fellow subsidiary (Note (i)(c))	(2,886)	(2,371)
Interest income from a fellow subsidiary	238	172
Sinopec Yu Ji Pipeline Company Limited ("Yu Ji Pipeline Company")		
Natural gas transmission income from an intermediate holding company and fellow subsidiaries (Note (ii)(a))	332,327	395,511
Outsourcing fees to an intermediate holding company (Note (ii)(b))	(15,529)	(17,471)
Interest expenses to a fellow subsidiary	(10,205)	–
Interest income from a fellow subsidiary	626	1,342
Technical service fees to fellow subsidiaries (Note (ii)(c))	(23,411)	(1,418)
Maintenance service fees to a fellow subsidiary	(52)	–

NOTES TO THE UNAUDITED INTERIM *Financial Information*

20 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with an intermediate holding company and fellow subsidiaries (continued)

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Joint venture and associate		
Interest income from:		
– Joint ventures	29,008	23,282
– An associate	1,933	2,068

The balances with related parties are disclosed from Notes 14 to 17 in this interim financial information.

The directors of the Company are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and on normal commercial terms or in accordance with the agreements governing such transactions.

20 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with an intermediate holding company and fellow subsidiaries (continued)

Notes:

- (i) Huade Petrochemical
 - (a) The jetty service fees were charged in accordance with the relevant service 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 by reference to the provisions of a document jointly issued by its ultimate holding company and the Ministry of Finance in the PRC in 1998 and at a predetermined percentage as revised by its ultimate holding company from time to time.
- (ii) Yu Ji Pipeline Company
 - (a) The price for provision of natural gas transmission services was charged by Yu Ji Pipeline Company in accordance with the State-prescribed prices under the Natural Gas Transmission Services Framework Master Agreement.
 - (b) The outsourcing fees were charged on arm's length negotiation on normal commercial terms with reference to the costs of provision of services and products, and taxes in accordance with the Services Outsourcing Framework Master Agreement.
 - (c) The Technical services fees (including labour technical services expenses, internal labour technical services expenses and power technical services expenses) were charged on arm's length negotiation on normal commercial terms with reference to the costs of provision of services and products, and taxes in accordance with the Labour Technical Services Framework Master Agreement, Internal Labour Technical Services Framework Master Agreement and Power Technical Services Framework Master Agreement.

NOTES TO THE UNAUDITED INTERIM *Financial Information*

20 MATERIAL RELATED PARTY TRANSACTIONS (continued)

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

The Group operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government through its government authorities, agencies, affiliations and other organisations (collectively referred to as “state-controlled entities”).

Apart from transactions with the Group’s intermediate holding company and fellow subsidiaries as set out in Note 20(a), the Group has entered into transactions with other state-controlled entities including but not limited to the following:

- jetty services fees;
- construction work;
- rendering and receiving services; and
- use of public utilities.

(i) Transactions with other state-controlled entities

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Jetty services fees received by the Group	14,026	12,139

20 MATERIAL RELATED PARTY TRANSACTIONS (continued)

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

(i) Transactions with other state-controlled entities (continued)

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Prepayment to/amounts due from other state-controlled entities	11,451	10,632
Amounts due to other state-controlled entities	22,190	34,844

(ii) Transactions with state-controlled banks

The Group deposits its cash with several state-controlled banks in the PRC. The interest rates of the bank deposits in the PRC are regulated by the People's Bank of China. The Group's interest income received from these state-controlled banks in the PRC is as follows:

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest income	161	18

NOTES TO THE UNAUDITED INTERIM *Financial Information***20 MATERIAL RELATED PARTY TRANSACTIONS (continued)****(b) Transactions with other state-controlled entities in the PRC (continued)****(ii) Transactions with state-controlled banks (continued)**

The amounts of cash deposited at state-controlled banks in the PRC are summarised as follows:

	As at 30 June 2020 HK\$'000 (Unaudited)	As at 31 December 2019 HK\$'000 (Audited)
Cash and bank balances	97,727	95,119

21 SUBSEQUENT EVENTS

On 21 July 2020, Yu Ji Pipeline Company entered into an agreement to dispose the Qingfeng Line located at Puyang City in Henan Province, the office building properties and auxiliaries facilities of Henan Management Office to a branch company of China Petroleum & Chemical Corporation for a consideration of RMB 179 million. On the same date, Sinomart Development reached another agreement with China Oil & Gas Pipeline Network Corporation to sell the 100% equity interest in a wholly-owned subsidiary, Yu Ji Pipeline Company, for a cash consideration of RMB 3,220 million.

The completion of the disposals is expected to take place in September 2020, subject to the fulfillment or waiver of the conditions precedent as set out in the agreements.

INTERIM *Dividend*

The Board declared the payment of an interim dividend of HK8 cents per share in cash for the year 2020 to shareholders whose names appear on the register of members of the Company on 25 September 2020 (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 21 September 2020 (Monday) to 25 September 2020 (Friday) (both days inclusive) during which period no transfer of shares can be registered. In order to qualify for the interim dividend, all share transfers, accompanied by relevant share certificates, must be lodged with Tricor Secretaries Limited, the branch share registrar of the Company, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:00 p.m. on 18 September 2020 (Friday). The cheques for dividend payment will be sent on or around 20 October 2020 (Tuesday).

OTHER *Information*

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

As at 30 June 2020, 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 2020, had interests or short positions in the shares or underlying shares of the Company which would have to be disclosed to the Company and the Stock Exchange of Hong Kong under Divisions 2 and 3 of Part XV of the SFO or which were entered in the register required to be kept by the Company under section 336 of the SFO:

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

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

Corporate Governance

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

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

Save as disclosed above, the Company had complied with the applicable provisions of the Corporate Governance Code throughout the six months ended 30 June 2020.

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 2020.

Share Option Scheme

For the six months ended 30 June 2020, the Company had not established and implemented any share option scheme.

Audit Committee

The audit committee of the Company (the “**Audit Committee**”) comprises four independent non-executive Directors, of which one of the independent non-executive Directors, Mr. Fong Chung, Mark, is the chairperson of the Audit Committee. The Audit Committee is responsible for reviewing the accounting principles and practices, auditing, the internal control and risk management systems, internal audit and legal and regulatory compliance of the Group. Furthermore, the Audit Committee reviews the interim and annual results of the Group prior to recommending them to the Board for approval. The Audit Committee meets to review financial reporting and risk management and internal control matters and has unrestricted access to the Company’s auditor to this end. The Audit Committee has reviewed the unaudited interim financial report of the Group for the six months ended 30 June 2020.

Other *Information*

Remuneration Committee

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

Nomination Committee

The nomination committee 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 chairperson of the Nomination Committee.

Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding the Directors’ securities transactions. Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code during the six months ended 30 June 2020.

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 2020 and as at the date of this report.

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

Hong Kong, 20 August 2020