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SINOPEC KANTONS HOLDINGS LIMITED

(中石化冠德控股有限公司)*

(incorporated in Bermuda with limited liability)

(Stock Code: 934)

ANNOUNCEMENT CEASE TO PROCEED WITH THE BATAM PROJECT

This announcement is made by Sinopec Kantons Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

THE GROUP’S INTERESTS IN PT. WEST POINT AND THE BATAM PROJECT

On 9 October 2012, the Group entered into a share purchase agreement to acquire 95% of the equity interest in PT. West Point Terminal (“**PT. West Point**”) for a total consideration of Rp.4,750 million. The business purpose of PT. West Point is to develop, construct, own, manage and operate a crude oil and petroleum products storage and oil blending complex and supporting quay and port facilities, and a navigation channel dredging construction (the “**Batam Project**”) in an area of seventy-five hectares within the West Point Maritime Industrial Park, Batam Island, Indonesia (the “**Project Site**”). The book value of the property, plant and equipment and prepaid land lease payments of the Batam Project was approximately US\$81.06 million (approximately HK\$636 million) at as 31 October 2022.

As set out in the annual report of the Company for the year ended 31 December 2021 and the interim report of the Company for the six months ended 30 June 2022, the Group has engaged two consulting agencies to jointly prepare an updated feasibility study report of the Batam Project (the “**Feasibility Report**”) as a basis for future decisions. The Board wishes to provide the shareholders of the Company and potential investors an update on the results of the Feasibility Report and the matter.

UPDATE ON THE BATAM PROJECT

According to the Feasibility Report, the Batam Project is economically impractical due to factors including (a) the long-term impact of energy transition on the traditional oil storage market; and (b) increasing competition in respect of oil storage from the Singaporean region. Accordingly, the Board has in principle decided not to continue to proceed with the Batam Project. The Group will continue to adopt various effective measures actively to protect the legitimate rights and interests of the Company and its shareholders.

The Company will further assess the possible options in relation to the Project Site to evaluate, among others, the Group's interests in PT. West Point and the relevant financial impacts. It is expected that a provision of not exceeding US\$81.06 million (approximately HK\$636 million) will be made against the Group's interest in PT. West Point ("**Provision for Impairment**") during the year ended 31 December 2022.

The Board wishes to emphasise that the expected recognition of the Provision for Impairment relating to the Group's interest in the PT. West Point is a non-cash item. The Group continues to maintain a healthy net cash balance, and the Board does not expect the expected recognition of the Provision for Impairment to have any material impact on the Group's current and future cash flow and daily operations.

The information contained in this announcement is only a preliminary assessment by the Board based on the information currently available, which has not been audited by the Company's auditors. Details of the Group's financial information for the year ended 31 December 2022 may be different from what is disclosed in this announcement, and the annual results announcement of the Group is expected to be published by the end of March 2023.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 23 December 2022

As at the date of this announcement, the Board comprises the following:

Executive Directors:

Mr. Chen Yaohuan (*Chairman*)
Mr. Zhong Fuliang
Mr. Mo Zhenglin
Mr. Yang Yanfei
Mr. Zou Wenzhi
Mr. Ren Jiajun
Mr. Sang Jinghua (*General Manager*)

Independent non-executive Directors:

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

* For identification purpose only