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SINOPEC KANTONS HOLDINGS LIMITED
(中石化冠德控股有限公司)*
(incorporated in Bermuda with limited liability)
(Stock Code: 934)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Sinopec Kantons Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 (the “**Year**” or the “**Reporting Period**”) together with the comparative figures for the previous financial year. The financial information contained in this announcement (including the comparative figures for the same period of 2022) is extracted from the 2023 consolidated financial statements^{Note} that have been audited by KPMG and reviewed by the audit committee of the Company (the “**Audit Committee**”).

Note: The comparative financial statements of this announcement have been restated to reflect the impact of the application of the Amendments to Hong Kong Accounting Standard 12, *Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*. For details, please refer to the section headed “Notes to the financial statements – Note 2.1 (a) New and amended standards adopted by the Group” in this announcement.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000 (Restated)
Revenue	3, 4	609,872	616,064
Cost of providing services	6	<u>(351,549)</u>	<u>(328,302)</u>
Gross profit		258,323	287,762
Other income and other gains, net	5	80,611	326,856
Impairment loss on non-current assets		–	(629,772)
Distribution costs		(17,841)	(16,928)
Administrative expenses	6	<u>(134,169)</u>	<u>(147,112)</u>
Operating profit/(loss)		186,924	(179,194)
Finance income		237,262	77,702
Finance costs		(1,082)	(852)
Share of results of:			
– Joint ventures		798,346	540,403
– Associates		<u>179,346</u>	<u>171,675</u>
Profit before income tax		1,400,796	609,734
Income tax expenses	7	<u>(102,310)</u>	<u>(207,068)</u>
Profit for the year		<u>1,298,486</u>	<u>402,666</u>
Profit attributable to:			
Equity holders of the Company		1,298,612	434,907
Non-controlling interests		<u>(126)</u>	<u>(32,241)</u>
Profit for the year		<u>1,298,486</u>	<u>402,666</u>
Basic and diluted earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share):	8	<u>52.23</u>	<u>17.49</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Profit for the year	<u>1,298,486</u>	<u>402,666</u>
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on currency translation		
– Subsidiaries	(31,637)	(180,767)
– Joint ventures	(31,108)	(476,955)
– Associates	<u>(17,770)</u>	<u>(92,953)</u>
	<u>(80,515)</u>	<u>(750,675)</u>
Cash flow hedges		
– Joint ventures	(21,183)	300,621
– An associate	<u>367</u>	<u>11,821</u>
	<u>(20,816)</u>	<u>312,442</u>
Other comprehensive income for the year, net of nil tax	<u>(101,331)</u>	<u>(438,233)</u>
Total comprehensive income for the year	<u>1,197,155</u>	<u>(35,567)</u>
Total comprehensive income for the year attributable to:		
Equity holders of the Company	1,197,281	(3,326)
Non-controlling interests	<u>(126)</u>	<u>(32,241)</u>
Total comprehensive income for the year	<u><u>1,197,155</u></u>	<u><u>(35,567)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December	31 December	1 January
	2023	2022	2022
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Restated)	(Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	1,396,683	1,453,295	1,508,091
Right-of-use assets	74,527	66,946	590,985
Investment properties	16,100	17,337	18,575
Intangible assets	1,337	–	–
Prepayment	–	1,887	847
Interests in joint ventures	6,712,373	6,672,394	6,753,155
Interests in associates	1,075,260	1,063,145	1,151,511
	<u>9,276,280</u>	<u>9,275,004</u>	<u>10,023,164</u>
Current assets			
Inventories	3,475	4,119	4,125
Trade and other receivables	922,118	590,647	1,621,698
Time deposits with original maturity of more than three months	3,987,998	3,000,000	–
Cash and cash equivalents	1,837,352	2,490,097	4,197,541
	<u>6,750,943</u>	<u>6,084,863</u>	<u>5,823,364</u>
Total current assets	<u>6,750,943</u>	<u>6,084,863</u>	<u>5,823,364</u>
Total assets	<u>16,027,223</u>	<u>15,359,867</u>	<u>15,846,528</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	248,616	248,616	248,616
Reserves	15,266,172	14,615,846	15,116,404
	<u>15,514,788</u>	<u>14,864,462</u>	<u>15,365,020</u>
Equity attributable to equity holders of the Company	15,514,788	14,864,462	15,365,020
Non-controlling interests	1,943	2,069	34,310
	<u>15,516,731</u>	<u>14,866,531</u>	<u>15,399,330</u>
Total equity	<u>15,516,731</u>	<u>14,866,531</u>	<u>15,399,330</u>

		31 December 2023	31 December 2022	1 January 2022
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(Restated)	(Restated)
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities		195,248	177,889	177,113
Government grants		49,707	53,714	14,909
Lease liabilities		36,869	27,910	15,943
		<u>281,824</u>	<u>259,513</u>	<u>207,965</u>
Total non-current liabilities				
Current liabilities				
Trade and other payables	<i>11</i>	181,442	143,301	213,105
Income tax payable		40,006	83,412	19,259
Lease liabilities		7,220	7,110	6,869
		<u>228,668</u>	<u>233,823</u>	<u>239,233</u>
Total current liabilities				
Total liabilities				
		<u>510,492</u>	<u>493,336</u>	<u>447,198</u>
Total equity and liabilities				
		<u>16,027,223</u>	<u>15,359,867</u>	<u>15,846,528</u>
Net current assets				
		<u>6,522,275</u>	<u>5,851,040</u>	<u>5,584,131</u>
Total assets less current liabilities				
		<u>15,798,555</u>	<u>15,126,044</u>	<u>15,607,295</u>

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

The Group’s financial statements are presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated. These financial statements have been approved by the board of directors for issue on 21 March 2024.

In the opinion of the directors, the immediate holding company of the Company is Sinopec Kantons International Limited and the ultimate holding company is China Petrochemical Corporation (“**Sinopec Group**”). China Petroleum & Chemical Corporation (“**Sinopec Corp.**”), is an intermediate holding company of the Company and its shares are listed on the stock exchanges of Shanghai and Hong Kong. Sinopec Corp. produces consolidated financial statements available for public use.

2 BASIS OF PREPARATION

The financial information set out in this announcement does not constitute the consolidated financial statements of the Group for the year ended 31 December 2023, but is extracted from those consolidated financial statements.

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and disclosure requirements under the Hong Kong Companies Ordinance (Cap.622). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**the Listing Rule**”). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

2.1 New standards, amendments and interpretations

(a) *New and amended standards adopted by the Group*

The Group has applied the following new and amended HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

HKFRS 17	<i>Insurance contracts</i>
Amendments to HKAS 8	<i>Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates</i>
Amendments to HKAS 1	<i>Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies</i>
Amendments to HKAS 12	<i>Income taxes: Deferred tax related to assets and liabilities arising from a single transaction</i>
Amendments to HKAS 12	<i>Income taxes: International tax reform – Pillar Two model rules</i>

Except for Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*, the adoption of the above amendments does not have a material impact on how the Group's results and financial position for the current or prior periods have been prepared or presented. Impacts of such adoption is discussed below.

Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group applied the initial recognition exemption to lease transactions and did not recognise the related deferred tax. Following the amendments, the Group needs to recognise deferred tax assets and deferred tax liabilities for temporary differences arising from these transactions. The amendment is effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The Group applies the amendments to transactions occurring on or after the beginning of the earliest comparative period listed, with any cumulative effect recognised as an adjustment to retained earnings and other related financial statement items at that date. Nonetheless, it does not have a material impact on the company-level statement of financial position as at 31 December 2022 and 2023.

(i) **The effects on the comparative financial statements**

The effects of the above on the profit for the year ended 31 December 2022 and equity at the beginning and the end of 2022 are summarised as follows

	Profit for the year ended 31 December 2022 HK\$'000	Total equity as at 31 December 2022 HK\$'000	Total equity as at 1 January 2022 HK\$'000
Profit for the year and total equity before adjustments	402,641	14,866,364	15,399,173
The effects of the exemption of initial recognition not applicable to the deferred tax relating to assets and liabilities arising out of a single transaction	25	167	157
Profit for the year and total equity after adjustments	<u>402,666</u>	<u>14,866,531</u>	<u>15,399,330</u>

The effects of the above on each item of the consolidated income statement for the year ended 31 December 2022 are summarised as follows:

	As previously reported HK\$'000	Effect of adoption HK\$'000	As restated HK\$'000
Income tax expenses	(207,093)	25	(207,068)
Profit for the year	<u>402,641</u>	<u>25</u>	<u>402,666</u>
Profit attributable to equity holders of the Company	434,882	25	434,907
Profit for the year	<u>402,641</u>	<u>25</u>	<u>402,666</u>

The effects of the above on each item of the consolidated statement of comprehensive income for the year ended 31 December 2022 are summarised as follows:

	As previously reported HK\$'000	Effect of adoption HK\$'000	As restated HK\$'000
Other comprehensive income for the year:			
Exchange differences on currency translation – Subsidiaries	(180,752)	(15)	(180,767)
Other comprehensive income for the year, net of nil tax	(438,218)	(15)	(438,233)
Total comprehensive income for the year	<u>(35,577)</u>	<u>10</u>	<u>(35,567)</u>
Total comprehensive income attributable to equity holders of the Company	<u>(3,336)</u>	<u>10</u>	<u>(3,326)</u>

The effects of the above on each item of the consolidated statement of financial position as at 31 December 2022 are summarised as follows:

	As previously reported <i>HK\$'000</i>	Effect of adoption <i>HK\$'000</i>	As restated <i>HK\$'000</i>
Reserves	14,615,679	167	14,615,846
Total equity attributable to equity holders of the Company	14,864,295	167	14,864,462
Total equity	14,866,364	167	14,866,531
Non-current liabilities			
Deferred tax liabilities	178,056	(167)	177,889
Total non-current liabilities	259,680	(167)	259,513
Total liabilities	493,503	(167)	493,336

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 31 December 2023 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, <i>Presentation of financial statements:</i> <i>Classification of liabilities as current or non-current</i>	1 January 2024
Amendments to HKAS 1, <i>Presentation of financial statements:</i> <i>Non-current liabilities with covenants</i>	1 January 2024
Amendments to HKFRS 16, <i>Leases: Lease liability in a sale and lease back</i>	1 January 2024
Amendments to HKAS 7, <i>Statement of cash flows</i> and HKFRS 7, <i>Financial Instruments: Disclosures: Supplier finance arrangements</i>	1 January 2024
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates:</i> <i>Lack of exchangeability</i>	1 January 2025

3 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by its business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's chief operating decision-maker ("CODM") for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments, namely, crude oil jetty and storage services and vessel chartering and logistics services. All operating segments which fulfill the aggregation criteria under HKFRS 8, *Operating segments* have been identified by the Group's CODM and aggregated in arriving at the reportable segments of the Group.

- Crude oil jetty and storage services: this segment provides crude oil transportation, unloading, storage and other jetty services for oil tankers. Currently, the Group's activities in this regard, including those carried out through its joint ventures and associate, are carried out in the People's Republic of China (the "PRC"), Europe and the Middle East.
- Vessel chartering and logistics services: this segment provides vessel chartering services for liquefied natural gas transportation. Currently, the Group's activities in this regard are mainly carried out through its joint venture and associate in the PRC, Australia and Papua New Guinea.

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

Segment assets included all assets, except for cash and cash equivalents, time deposits with original maturity of more than three months, investment properties, dividend receivables from joint ventures and associates, properties in Hong Kong classified as right-of-use assets, unallocated other receivables and property, plant and equipment. Segment liabilities exclude unallocated other payables, income tax payable, lease liabilities, and deferred income tax liabilities. The Group's CODM has determined to present segment assets, liabilities and results of joint ventures and associates under respective segments.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

The measure used for reporting segment profit is "segment results". Segment results include the operating profit generated by the segments and finance costs directly attributable to the segments. Items that are not specifically attributed to individual segments, such as unallocated other income, unallocated other finance income, unallocated depreciation and other corporate costs or income are excluded from segment results.

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

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

(a) Segment results, assets and liabilities

(i) As at and for the year ended 31 December 2023:

For the year ended 31 December 2023

	Crude oil jetty and storage services <i>HK\$'000</i>	Vessel chartering and logistics services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	609,872	–	609,872
Inter-segment revenue	–	–	–
Revenue from external customers	<u>609,872</u>	<u>–</u>	<u>609,872</u>
Segment results			
– Subsidiary	214,603	–	214,603
– Joint ventures	731,374	66,972	798,346
– Associates	<u>167,301</u>	<u>12,045</u>	<u>179,346</u>
	1,113,278	79,017	1,192,295
Other unallocated corporate net income			<u>208,501</u>
Profit before income tax			1,400,796
Income tax expenses			<u>(102,310)</u>
Profit for the year			<u>1,298,486</u>

For the year ended 31 December 2023

	Crude oil jetty and storage services <i>HK\$'000</i>	Vessel chartering and logistics services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Other segment items			
Finance income	2,708	–	2,708
Depreciation			
– Property, plant and equipment	(132,225)	–	(132,225)
– Right-of-use assets	(5,734)	–	(5,734)
Additions to non-current segment assets	104,751	–	104,751
Reversal on impairment loss on trade and other receivables	2	–	2
Loss on disposal of property, plant and equipment (Note 5)	<u>(474)</u>	<u>–</u>	<u>(474)</u>

As at 31 December 2023

	Crude oil jetty and storage services <i>HK\$'000</i>	Vessel chartering and logistics services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets			
– Subsidiary	1,558,196	–	1,558,196
– Joint ventures	5,290,711	1,421,662	6,712,373
– Associates	999,813	75,447	1,075,260
	<u>7,848,720</u>	<u>1,497,109</u>	<u>9,345,829</u>
Unallocated assets			
– Cash and cash equivalents			1,837,352
– Time deposits with original maturity of more than three months			3,987,998
– Other receivables			114,483
– Investment properties			16,100
– Right-of-use assets			
• properties in Hong Kong			14,023
– Dividend receivable from a joint venture			709,055
– Property, plant and equipment			1,046
– Intangible assets			1,337
			<u>6,681,394</u>
Total assets			<u>16,027,223</u>
Segment liabilities	<u>215,181</u>	–	<u>215,181</u>
Unallocated liabilities			
– Other payables			85,317
– Income tax payable			723
– Lease liabilities			14,023
– Deferred income tax liabilities			195,248
			<u>295,311</u>
Total liabilities			<u>510,492</u>

(ii) *As at and for the year ended 31 December 2022:*

For the year ended 31 December 2022

	Crude oil jetty and storage services <i>HK\$'000</i>	Vessel chartering and logistics services <i>HK\$'000</i>	Total <i>HK\$'000</i> (Restated)
Segment revenue	616,064	–	616,064
Inter-segment revenue	–	–	–
Revenue from external customers	<u>616,064</u>	<u>–</u>	<u>616,064</u>
Segment results			
– Subsidiary	493,571	–	493,571
– Joint ventures (<i>Note (a)</i>)	431,388	109,015	540,403
– Associates	<u>164,677</u>	<u>6,998</u>	<u>171,675</u>
	1,089,636	116,013	1,205,649
Other unallocated corporate expense, net (<i>Note (b)</i>)			<u>(595,915)</u>
Profit before income tax			609,734
Income tax expenses			<u>(207,068)</u>
Profit for the year			<u><u>402,666</u></u>

Notes:

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

For the year ended 31 December 2022

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

As at 31 December 2022

	Crude oil jetty and storage services <i>HK\$'000</i>	Vessel chartering and logistics services <i>HK\$'000</i>	Total <i>HK\$'000</i> (Restated)
Segment assets			
– Subsidiary	2,060,338	–	2,060,338
– Joint ventures	5,710,207	962,187	6,672,394
– Associates	992,476	70,669	1,063,145
	<u>8,763,021</u>	<u>1,032,856</u>	<u>9,795,877</u>
Unallocated assets			
– Cash and cash equivalents			2,490,097
– Time deposit with original maturity of more than three months			3,000,000
– Other receivables			47,987
– Investment properties			17,337
– Right-of-use assets			
• properties in Hong Kong			4,760
– Dividend receivable from an associate			2,527
– Property, plant and equipment			1,282
			<u>5,563,990</u>
Total assets			<u>15,359,867</u>
Segment liabilities	<u>215,866</u>	<u>–</u>	<u>215,866</u>
Unallocated liabilities			
– Other payables			94,149
– Income tax payable			33
– Lease liabilities			5,399
– Deferred income tax liabilities			177,889
			<u>277,470</u>
Total liabilities			<u>493,336</u>

(b) Analysis of information by geographical regions

During the years ended 31 December 2023 and 2022, all of the Group's revenue was generated from the customers located in the PRC.

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

Non-current assets

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
The PRC	6,284,352	6,784,840
Europe	860,990	813,048
Hong Kong	1,529,123	1,055,692
United Arab Emirates	601,322	620,880
Other regions	493	544
	<hr/>	<hr/>
Total non-current assets	<u>9,276,280</u>	<u>9,275,004</u>

Total assets

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
The PRC	7,331,996	7,647,035
Hong Kong	7,226,016	6,261,810
Europe	860,990	813,048
Indonesia	6,406	16,550
United Arab Emirates	601,322	620,880
Other regions	493	544
	<hr/>	<hr/>
Total assets	<u>16,027,223</u>	<u>15,359,867</u>

(c) Major customers

For the purpose of disclosure under segment reporting, the 2023 revenue from provision of crude oil jetty and storage service derived from transactions with branches and subsidiaries of Sinopec Group, including Sinopec Corp (Guangzhou Branch) and Sinopec Fuel Oil Sales Corporation Limited, amounted to approximately HK\$548,366,000 (2022: HK\$568,318,000), representing 90% of the Group's total revenue (2022: 92%).

4 REVENUE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
– Provision of crude oil jetty services (<i>Note</i>)	477,920	480,385
Revenue from other sources		
Rental revenue from operating leases with customers		
– Lease payments that are fixed or depend on an index or a rate	63,122	71,043
– Variable lease payments that do not depend on an index or a rate	68,830	64,636
	<u>131,952</u>	<u>135,679</u>
	<u>609,872</u>	<u>616,064</u>

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

5 OTHER INCOME AND OTHER GAINS, NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other income:		
– Rental income from investment properties	2,399	2,033
– Government grants:		
– Value-added tax refund	11,422	7,650
– Amortisation of deferred government grant	3,262	1,443
– Employment Support Scheme in Hong Kong (<i>Note (a)</i>)	–	566
– Interest income from loans to:		
– Joint ventures	53,130	54,926
– An associate	2,484	2,774
– Management fee income from a joint venture	4,207	3,943
	<u>76,904</u>	<u>73,335</u>
Other gains/(losses):		
– Net foreign exchange gains	4,186	4,027
– Net (losses)/gains on disposal of property, plant and equipment (<i>Note (b)</i>)	(474)	249,479
– Others	(5)	15
	<u>3,707</u>	<u>253,521</u>
	<u>80,611</u>	<u>326,856</u>

Notes:

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

6 EXPENSES BY NATURE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Depreciation		
– property, plant and equipment	132,436	113,123
– investment properties	1,237	1,238
– right-of-use assets	14,172	24,028
Amortisation		
– Intangible assets	151	–
Employee benefit expenses, including directors’ remuneration	149,131	155,246
Auditor’s remuneration		
– the Company	2,000	2,000
– subsidiaries	3,302	3,103
– under-provisions of prior years	–	295
– non-audit services	–	–
Expenses relating to short-term leases		
– hire of a property	1,729	1,928

7 INCOME TAX EXPENSES

	Note	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Current income tax:			
– Hong Kong profits tax	(b)	3,831	2,870
– PRC corporate income tax	(c)	77,985	192,617
		<u>81,816</u>	195,487
Deferred income tax charged	(d)	20,494	11,581
		<u>102,310</u>	<u>207,068</u>

- (a) The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Law of the Bermuda and, accordingly, is exempted from payment of the Bermuda income tax.
- (b) Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the year.
- (c) Except for withholding tax on dividend as explained in Note (d), the provision for PRC corporate income tax is based on statutory income tax rate of 25% of the assessable income of a subsidiary of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC (2022: 25%).
- (d) Dividend distribution out of profit of foreign-invested enterprises earned in the PRC subsequent to 1 January 2008 is subject to withholding tax at tax rate of 5% or 10%. During the year, withholding tax was provided for portion of the relevant undistributed profits of the Group's subsidiaries, joint ventures and associates established in the PRC at tax rate of 5% (2022: 5%).
- (e) The tax on the Group's profit before income tax less share of results of joint ventures and associates differs from the theoretical amount that would arise using the principal applicable tax rate as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Restated)
Profit before income tax	1,400,796	609,734
Less: Share of results of joint ventures	(798,346)	(540,403)
Share of results of associates	(179,346)	(171,675)
	<u>423,104</u>	(102,344)
Tax calculated at domestic tax rates applicable to profits in the respective tax jurisdictions	88,054	25,067
Income not subject to tax	(34,570)	(13,400)
Expenses not deductible for tax purposes	544	109,238
Withholding tax on undistributed profits	44,748	80,499
Under/(over)-provision in prior years	78	(1,078)
Effect of temporary differences not recognised	(1,129)	–
Tax losses not recognised	4,585	6,742
	<u>102,310</u>	<u>207,068</u>
Income tax expenses	<u>102,310</u>	<u>207,068</u>

8 EARNINGS PER SHARE

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

	2023	2022 (Restated)
Earnings (in HK\$'000)		
Profit attributable to equity holders of the Company:	<u>1,298,612</u>	<u>434,907</u>
Number of shares		
Weighted average number of ordinary shares in issue (in thousand)	<u>2,486,160</u>	<u>2,486,160</u>
Basic earnings per share (HK cents per share)	<u><u>52.23</u></u>	<u><u>17.49</u></u>

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

9 TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables		
– Related parties	88,326	534,665
– Others	<u>5,550</u>	<u>1,421</u>
	<u>93,876</u>	<u>536,086</u>
Other receivables		
– Dividend receivable from an associate	–	2,527
– Dividend receivable from a joint venture	709,055	–
– Interest receivables	111,262	32,414
– Others	<u>7,925</u>	<u>19,620</u>
	<u>828,242</u>	<u>54,561</u>
	<u><u>922,118</u></u>	<u><u>590,647</u></u>

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

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

	2023 HK\$'000	2022 <i>HK\$'000</i>
Within 1 month	52,356	46,896
1 to 2 months	15,199	42,643
2 to 3 months	26,321	42,384
3 to 12 months	—	404,163
	<u>93,876</u>	<u>536,086</u>

10 DIVIDENDS

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

	2023 HK\$'000	2022 <i>HK\$'000</i>
Interim dividend declared and paid of HK\$10 cents per ordinary share (2022: HK\$8 cents per ordinary share)	248,616	198,893
Final dividend proposed after the end of the reporting period of HK\$15 cents per ordinary share (2022: HK\$12 cents per ordinary share)	<u>372,924</u>	<u>298,339</u>
	<u>621,540</u>	<u>497,232</u>

A final dividend in respect of the year ended 31 December 2023 of HK\$15 cents per share, amounting to a total dividend of HK\$372,924,000 is to be proposed at the annual general meeting on 6 June 2024. The final dividend to be proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

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

	2023 HK\$'000	2022 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$12 cents per ordinary share (2022: HK\$12 cents per share)	<u>298,339</u>	<u>298,339</u>

11 TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables		
– Related parties	573	738
– Others	44,843	36,480
	<u>45,416</u>	<u>37,218</u>
Other payables		
– Amounts due to immediate, intermediate holding companies and other related parties	2,968	15,357
– Accrued charges	133,058	90,726
	<u>136,026</u>	<u>106,083</u>
	<u>181,442</u>	<u>143,301</u>

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

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	18,001	9,370
1 to 3 months	197	153
3 to 12 months	514	618
Over 12 months	26,704	27,077
	<u>45,416</u>	<u>37,218</u>

12 COMMITMENTS

As at 31 December 2023, the outstanding capital commitments not provided for in the financial statements were as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Contracted for but not provided for	<u>45,308</u>	<u>32,665</u>

FINAL DIVIDEND

The Board recommended a dividend of HK25 cents per share for the whole year of 2023 (2022: HK20 cents per share) payable in cash, excluding the interim dividend of HK10 cents per share for 2023 (2022: HK8 cents per share) paid in cash on 18 October 2023, the final dividend of HK15 cents per share for 2023 (2022: HK12 cents per share) will be paid in cash to all shareholders whose names appear on the register of members of the Company on 18 June 2024 (Tuesday).

CLOSURE OF REGISTER OF MEMBERS

(i) For determining the entitlement to attend and vote at the 2023 annual general meeting

The Company will convene the 2023 annual general meeting on 6 June 2024 (Thursday), and the register of members of the Company will be closed from 31 May 2024 (Friday) to 6 June 2024 (Thursday) (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending the 2023 annual general meeting of the Company and voting at the meeting, all share transfer documents, accompanied by the relevant share certificates, must be lodged with Tricor Secretaries Limited, the branch share registrar of the Company at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:00 p.m. on 30 May 2024 (Thursday).

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

The register of members of the Company will be closed from 14 June 2024 (Friday) to 18 June 2024 (Tuesday) (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all share transfer documents, accompanied by the relevant share certificates, must be lodged with Tricor Secretaries Limited, the branch share registrar of the Company at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:00 p.m. on 13 June 2024 (Thursday). The cheques for dividend payment will be sent to shareholders on or about 28 June 2024 (Friday) if the resolution for the proposed final dividend is passed at the forthcoming annual general meeting.

There is no arrangement under which a shareholder has waived or agreed to waive any dividends.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and outlook

In 2023, the Board adhered to the established development strategy, strengthened risk management and control of safety and rectified hidden hazards, strived to reduce various operating costs, and positive results were achieved. In addition, the Group endeavoured to explore development opportunities and successfully expanded its core business of naphtha uploading and vessels chartering and logistics, so as to drive the corporate sustainable development. For the year ended 31 December 2023, the Group recorded a revenue of approximately HK\$610 million, representing a year-on-year decrease of approximately 1.01%. For the year ended 31 December 2023, the Company's profit for the Year was approximately HK\$1,298 million, representing a year-on-year increase of approximately 222.47%, which translates into a profit attributable to the Company's equity holders of approximately HK52.23 cents per share. The main reasons for the significant increase in profit in the Reporting Period were: first, benefiting from the more favorable operating environment in the storage leasing market, Fujairah Oil Terminal FZC (“**FOT**”), a joint venture of the Company in the Middle East, and Vesta Terminal B.V. in Europe (“**Vesta**”) generated a significant increase in investment return (excluding the valuation loss of Vesta mentioned below); second, the year-on-year increase in the interest rates on Hong Kong dollar and US dollar deposits resulted in a significant increase in the Group's finance income; third, in 2022, the Company recognised a valuation loss attributable to interests in Vesta of approximately HK\$261 million and made a provision for interests in PT. West Point Terminal (“**PT. West Point**”) of approximately HK\$630 million, resulting in a decrease in profit attributable to equity holders in 2022. Taking into account the Group's cash flow situation and future development needs, the Board recommended the payment of a cash dividend of HK25 cents per share for 2023 full year, and after deducting the interim cash dividend of HK10 cents per share paid, a final cash dividend of HK15 cents per share for 2023 is recommended, representing a year-on-year increase of 25.00%.

During the Reporting Period, Huade Petrochemical Co., Ltd. (“**Huade Petrochemical**”) in Huizhou Daya Bay, a wholly-owned subsidiary of the Company, strived to open up markets and make full use of the surplus capacity of the existing terminal to provide customers with unloading services, while maintaining the stability of the existing business. Huade Petrochemical promoted the construction project for upgrading and transformation of Mabianzhou jetty facilities to unload naphtha, laying the foundation for increasing the revenue scale of Huade Petrochemical in the future. During the Reporting Period, Huade Petrochemical unloaded crude oil from 98 tankers, with a total of approximately 11.95 million tonnes, representing a year-on-year decrease of approximately 3.40% and transmitted approximately 11.03 million tonnes of crude oil, representing a year-on-year decrease of approximately 2.48%. Huade Petrochemical has recorded a segment revenue of approximately HK\$610 million, representing a year-on-year decrease of approximately 1.01%, and the segment results from Huade Petrochemical amounted to approximately HK\$215 million, representing a year-on-year decrease of approximately 56.52% mainly as a result of an one-off gain generated from the exchange of submarine pipelines by Huade Petrochemical in 2022.

During the Reporting Period, operating entities of the Company, namely Zhan Jiang Port Petrochemical Jetty Co., Ltd. (“**Zhan Jiang Port Petrochemical**”), Qingdao Shihua Crude Oil Terminal Co., Ltd. (“**Qingdao Shihua**”), Ningbo Shihua Crude Oil Terminal Co., Ltd. (“**Ningbo Shihua**”), Rizhao Shihua Crude Oil Terminal Co., Ltd. (“**Rizhao Shihua**”), Tianjin Port Shihua Crude Oil Terminal Co., Ltd. (“**Tianjin Port Shihua**”) and Tangshan Caofeidian Shihua Crude Oil Terminal Co., Ltd. (“**Caofeidian Shihua**”) (collectively, the “**Six Domestic Terminal Companies**”), with further improvement in the level of safety management, actively devoted to market expansion and efficiency enhancement, and continued to optimize and control various costs and expenses to ensure their stable performance; facilitated the strengths of integrated operation mode of terminals, storage area and refinery production to continuously improve the efficiency of crude oil uploading and reduce demurrage costs. In 2023, the aggregate terminal throughput of the Six Domestic Terminal Companies amounted to approximately 209 million tonnes, representing a year-on-year decrease of approximately 0.48%, and generated a total investment return of approximately HK\$781 million for the Company, representing a year-on-year decrease of approximately 2.13%.

During the Reporting Period, the global oil storage market started lower before trending upwards, and the operating environment was relatively more favorable for the storage tank leasing business. FOT, a joint venture of the Company, has adopted a flexible strategy to continuously increase the level of rental rates and extend the contract periods while ensuring a 100% occupancy rate of storage tanks. In addition, FOT is constructing a pipeline network connecting the storage area to the very large crude carrier (“**VLCC**”) terminal at the port, which is scheduled to put into use in the first half of 2024, which will have a positive effect on FOT’s future revenue and profit scale. In 2023, FOT generated an investment return of approximately HK\$105 million for the Company, representing a year-on-year increase of approximately 49.19%. In 2023, Vesta, a joint venture of the Company, further strengthened its market development efforts, and enhanced its overall operating performance with improvement in both tank occupancy rates and average rental level. During the Reporting Period, the operating environment for Vesta Terminal Tallinn (“**VTT**”), a company under Vesta in Estonia, continued to deteriorate due to geopolitical conflicts, the operating condition has not been effectively improved despite a series of efficiency enhancement and cost reduction measures of VTT being taken, and it is expected to continue to suffer losses in the future. At the end of 2023, Vesta entered into a sale and purchase agreement to sell all of its shares in VTT for a base consideration of EUR4.25 million. In 2023, Vesta achieved investment return of approximately HK\$12.08 million for the Company. Vesta pays close attention to the trend of green energy transition and is exploring the feasibility of green ammonia uploading and storage projects with potential customers to promote business transformation and asset appreciation.

In 2023, the Group announced further capital injection into China Energy Shipping Investment Co., Ltd. (“**CESI**”) for design, construction, procurement and operation of three liquefied natural gas (“**LNG**”) vessels, which will be leased to China Petroleum & Chemical Corporation (“**Sinopec Corp.**”) on a long-term basis to meet its LNG transportation needs. During the Reporting Period, the eight LNG vessels under the Group had completed a total of 96 voyages, generating an investment return of approximately HK\$79.02 million for the Company, representing a year-on-year decrease of approximately 31.89%. It was mainly due to the equipment failure of one of the LNG vessels at the end of the Year which resulted in additional tugboat leasing costs, related off-hire losses and incident investigation fees, etc.

Looking ahead to 2024, with the continued weakness in the global economy, the sustaining monetary tightening cycle and escalating risks of geopolitical and electoral turmoil, resulting in the further increase in unpredictable factors. The domestic economy will continue its recovery growth, yet the market demand is still inadequate, and it still has to overcome some underlying difficulties and challenges to maintain the upward trend. The Board will conscientiously implement the concept of high-quality development, conduct accurate analysis, make scientific planning, actively respond to various risks, strive to expand our core business and explore business transformation, so as to achieve our annual production and operational targets and continue to create value for the shareholders of the Company.

1. Consolidated Results

Revenue, Gross Profit and Operating Profit/Loss

For the year ended 31 December 2023, the revenue of the Group amounted to HK\$609,872,000 (2022: HK\$616,064,000), representing a year-on-year decrease of approximately 1.01%; the gross profit amounted to approximately HK\$258,323,000 (2022: HK\$287,762,000), representing a year-on-year decrease of approximately 10.23%; it was mainly due to a year-on-year increase in depreciation expense as a result of the replacement of new submarine pipeline by Huade Petrochemical in 2023; the operating profit amounted to approximately HK\$186,924,000 (2022 operating loss: HK\$179,194,000), which was mainly attributable to the Company's discontinuation of the Batam Project in 2022, which required an impairment provision of non-current assets of PT. West Point.

Other Income and Other Gains, Net

For the year ended 31 December 2023, the Group's other income and other gains, net amounted to approximately HK\$80,611,000 (2022: HK\$326,856,000), representing a year-on-year decrease of approximately 75.34%, which was mainly because Huade Petrochemical recognised a one-off gain arising from disposal of the old submarine crude oil pipeline in exchange for a new submarine pipeline in 2022.

Impairment Loss on Non-current Assets

In 2022, the Group recognised an impairment provision on the non-current assets of PT. West Point following the Company's decision of not proceeding with the Batam Project. No impairment loss on non-current assets was recognised in the year ended 31 December 2023.

Finance Income

For the year ended 31 December 2023, the Group's finance income amounted to approximately HK\$237,262,000 (2022: HK\$77,702,000), representing a year-on-year increase of approximately 205.35%, which was mainly attributable to the increase in interest income from deposits as a result of the year-on-year increases in average balance of time deposits with longer maturity and interest rates of the Group's deposits during the Year.

Share of Results of Joint Ventures

For the year ended 31 December 2023, the Group's share of results of joint ventures was approximately HK\$798,346,000 (2022: HK\$540,403,000), representing a year-on-year increase of approximately 47.73%, which was mainly due to: (i) the share of loss incurred by the Group in respect of its interest in Vesta in 2022 as a result of Russia-Ukraine conflict; and (ii) increase in investment return from FOT in light of the favourable operating environment in 2023.

Profit before Income Tax and Profit for the Year

For the year ended 31 December 2023, the Group's profit before income tax amounted to approximately HK\$1,400,796,000 (2022: HK\$609,734,000), representing a year-on-year increase of approximately 129.74%; and the Group's profit for the Year amounted to approximately HK\$1,298,486,000 (2022 (restated): HK\$402,666,000), representing a year-on-year increase of approximately 222.47%. The increases in each of the profit before income tax and profit for the Year were mainly due to the recognition of impairment provision on the non-current assets of PT. West Point and the Group's share of loss for Vesta as a result of Russia-Ukraine conflict in 2022.

Income Tax Expenses

For the year ended 31 December 2023, the Group's income tax expenses amounted to approximately HK\$102,310,000 (2022 (restated): HK\$207,068,000), representing a year-on-year decrease of approximately 50.59%, which was mainly attributable to the higher taxable profit as a result of the one-off gain arising from the disposal of the old submarine crude oil pipeline by Huade Petrochemical in 2022.

2. Segment Information

In 2023, the Group had two business segments, namely the crude oil jetty and storage business and the vessel chartering and logistics business.

For the year ended 31 December 2023, the segment revenue and segment results of the Group's crude oil jetty and storage business were approximately HK\$609,872,000 (2022: HK\$616,064,000) and HK\$1,113,278,000 (2022: HK\$1,089,636,000) respectively, representing a year-on-year decrease of approximately 1.01% and increase of approximately 2.17% respectively. In 2023, as for the crude oil jetty and storage segment, despite the year-on-year decline in throughput in the first half of the year, the Group actively secured sources of goods, reduced costs and increased efficiency in the second half of the year, and the segment results of the crude oil jetty and storage business increased slightly year-on-year.

For the year ended 31 December 2023, the segment results of the Group's vessel chartering and logistics business were approximately HK\$79,017,000 (2022: HK\$116,013,000), representing a year-on-year decrease of approximately 31.89%. As for the vessel chartering and logistics segment, the Group further improved the management of vessel safety, and the overall operation remained stable. However, due to equipment failure of one of the LNG vessels of CESI, a joint venture of the Company, at the end of 2023, which caused CESI to incur additional tugboat leasing costs, related off-hire losses and incident investigation fees, etc., the segment results of the vessel chartering and logistics business in 2023 were affected to a certain extent.

3. Financial Position

Right-of-use Assets

As at 31 December 2023, the Group's right-of-use assets amounted to approximately HK\$74,527,000 (as at 31 December 2022: HK\$66,946,000), representing an increase of approximately 11.32% as compared with the end of 2022, it was mainly due to the renewal of the lease agreement of the office leased by the Group in Hong Kong in 2023 after its expiry and the corresponding financial accounting in accordance with HKFRS 16.

Prepayment

As at 31 December 2023, the Group's prepayment amounted to nil (as at 31 December 2022: HK\$1,887,000), which was mainly attributable to the relevant payments of Huade Petrochemical utilised as a part of property, plant and equipment acquisition during the Year.

Trade and Other Receivables

As at 31 December 2023, the Group's trade and other receivables amounted to approximately HK\$922,118,000 (as at 31 December 2022: HK\$590,647,000), representing an increase of approximately 56.12% as compared with the end of 2022. The increase was mainly attributable to an increase in dividend receivable from a joint venture of the Group, which has been settled in January 2024.

Liquidity and Source of Finance

As at 31 December 2023, the Group's cash and cash equivalents and time deposit with original maturity of more than three months aggregately amounted to approximately HK\$5,825,350,000 (as at 31 December 2022: HK\$5,490,097,000), representing an increase of approximately 6.11% as compared with the end of 2022, which was mainly attributable to the interest received by the Group on deposits and dividends from some of its operating entities.

As at 31 December 2023, the Group had no bank loans and other borrowings.

Lease Liabilities

As at 31 December 2023, the Group's lease liabilities amounted to approximately HK\$44,089,000 (as at 31 December 2022: HK\$35,020,000), representing an increase of approximately 25.90% as compared with the end of 2022. The increase in lease liabilities was mainly attributable to the renewal of the office lease agreement of the office leased by the Group in Hong Kong for three years upon expiry in 2023 and the corresponding financial accounting in accordance with HKFRS 16.

Trade and Other Payables

As at 31 December 2023, the Group's trade and other payables amounted to approximately HK\$181,442,000 (as at 31 December 2022: HK\$143,301,000), representing an increase of approximately 26.62% as compared with the end of 2022, which was mainly due to the fact that the construction payable of the upgrading and transformation project of Mabianzhou jetty facilities of Huade Petrochemical was recognised according to the progress of such project.

Income Tax Payable

As at 31 December 2023, the Group's income tax payable amounted to approximately HK\$40,006,000 (as at 31 December 2022: HK\$83,412,000), representing a decrease of approximately 52.04% as compared with the end of 2022, which was mainly attributable to the higher taxable profit as a result of the gains arising from the disposal of the submarine crude oil pipeline by Huade Petrochemical in 2022.

Current Ratio, Gearing Ratio and Liabilities to Assets Ratio

As at 31 December 2023, the Group's current ratio (current assets to current liabilities) was approximately 29.52 (as at 31 December 2022: 26.02), and its liabilities to assets ratio (total liabilities to total assets) was approximately 3.19% (as at 31 December 2022: 3.21%). As at 31 December 2023, the Group had no bank loans and other borrowings. Gearing ratio (total bank loans and other borrowings to total equity) was nil as at 31 December 2023 as the Group had no bank loans and other borrowings (as at 31 December 2022: nil).

4. *Other Material Matters*

Significant Investment, Acquisition and Disposal and Future Plans for Material Investments or Capital Assets

On 22 August 2023, the Board announced that Kantons International Investment Limited (“**Kantons Investment**”) and COSCO SHIPPING LNG Investment (Shanghai) Co., Ltd (“**Shanghai COSCO SHIPPING LNG**”) intended to make further investments into CESI on a pro rata basis by way of capital injection in accordance with the terms of the joint venture agreement. Kantons Investment agreed to make capital injection of approximately US\$95,305,000 by internal resources of the Group, and Shanghai COSCO SHIPPING LNG agreed to inject capital in the amount of approximately US\$99,195,000. Proceeds from the capital injection is intended to be used for the design, construction, purchase and operation of the three LNG vessels which will be leased to Sinopec Corp. on a long-term basis to fulfill its LNG transportation requirements.

On 22 December 2023, Vesta signed a share sale and purchase agreement to sell all shares of VTT for a base consideration of approximately EUR4,250,000.

Save as disclosed in this announcement, the Company did not have any material investments, acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2023. Save as disclosed in this announcement, as at 31 December 2023, the Board did not authorize the processing or addition of material investments or capital assets.

Exchange Rate Risk

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

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

About the Batam Project

On 9 October 2012, the Company acquired 95% of the shares of PT. West Point through Sinomart Development, its wholly-owned subsidiary, and proposed to invest in and construct the Batam Project in Indonesia via PT. West Point. Due to reasons of the minority shareholder from Indonesia, the project has been stopped and arbitration commenced in October 2016, and the Group received arbitral awards in its favour in December 2019. In the second half of 2021, the Group has engaged two consulting agencies, which were responsible for the oil storage and jetty of the project respectively, to jointly prepare an updated feasibility study report, thereby providing basis for subsequent decisions on the project. According to the feasibility report, the Batam Project was economically impractical due to factors including (a) the long-term impact of energy transition on the traditional oil storage market; and (b) increasing competition in respect of oil storage from the Singaporean region. Accordingly, the Board has decided not to continue to proceed with the Batam Project. The Group will continue to actively take various effective measures to protect the legitimate rights and interests of the Company and its shareholders.

For details, please refer to the relevant announcements dated 25 April 2010, 9 October 2012, 15 November 2016, 21 March 2017, 6 December 2019 and 23 December 2022 published by the Company on the website of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the website of the Company.

Employees, Emolument Policies and Training

As at 31 December 2023, the Group had a total of 222 employees. The Company adheres to the philosophy of diversity and equal opportunities in employee recruitment, striving to ensure that the number of employees of different genders satisfies the Company’s development needs. For specific proportions of employees by gender, please refer to the Environmental, Social and Governance Report of the Group. Remuneration packages of employees, including basic salaries, bonuses and benefits-in-kind, are structured by reference to market terms and trends of human resources costs in various regions as well as employees’ contributions based on performance appraisals. Subject to the profit of the Group and the performance of employees, the Group also provides discretionary bonuses to employees as an incentive for their greater contributions. In addition, the Group also makes contributions to the Mandatory Provident Fund Schemes in Hong Kong and the retirement benefit schemes in the PRC established for its Hong Kong employees and Chinese employees respectively in accordance with local laws and regulations.

In 2023, the Group organized and carried out training activities on anti-corruption laws and regulations, management of network security and caring for mental health of employees, etc. Save for disclosed above, for the year ended 31 December 2023, the Company has not entered into and implemented any long-term incentive schemes.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving a high standard of corporate governance to properly safeguard and enhance the interests of its shareholders. The Board sets its corporate governance policies pursuant to the Corporate Governance Code contained in Appendix C1 of the Listing Rules (the “**Corporate Governance Code**”), and it accordingly reviews and monitors the training and continuing professional development of Directors and the senior management and its policies and practices in compliance with relevant laws and regulatory requirements.

During the year ended 31 December 2023, the Company has complied with the applicable code provisions set out in the Corporate Governance Code which came into effect during the year and has adopted, where appropriate, the recommended best practices set out therein.

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

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

SCOPE OF WORK OF INDEPENDENT AUDITOR

The financial figures in respect of the Group’s consolidated statement of financial position, consolidated income statement and consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this annual results announcement have been agreed by the Group’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on this results announcement.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there was no other significant event occurred subsequent to 31 December 2023 and up to the date of this announcement.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee comprises four independent non-executive Directors. The Audit Committee is responsible for reviewing the accounting standards and practices, audit, internal control, risk management, internal audit and legal and regulatory compliance of the Group. It also reviews the interim and annual results of the Group prior to recommending such results to the Board for approval.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2023. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and its internal controls and financial reporting matters.

REMUNERATION COMMITTEE

As at the date of this announcement, the remuneration committee of the Company (the “**Remuneration Committee**”) comprises six members, of which Ms. Tam Wai Chu, Maria, an independent non-executive Director, is the chairlady.

NOMINATION COMMITTEE

As at the date of this announcement, the nomination committee of the Company (the “**Nomination Committee**”) comprises six members, of which Dr. Wong Yau Kar, David, an independent non-executive Director, is the chairperson.

CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the “**Model Code**”) as its own code of conduct regarding the Directors’ securities transactions. Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code during the year ended 31 December 2023.

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

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

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

Hong Kong, 21 March 2024

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

Executive Directors:

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