



SINOPEC KANTONS HOLDINGS LIMITED
(Incorporated in Bermuda with Limited Liability)
Stock Code: 934

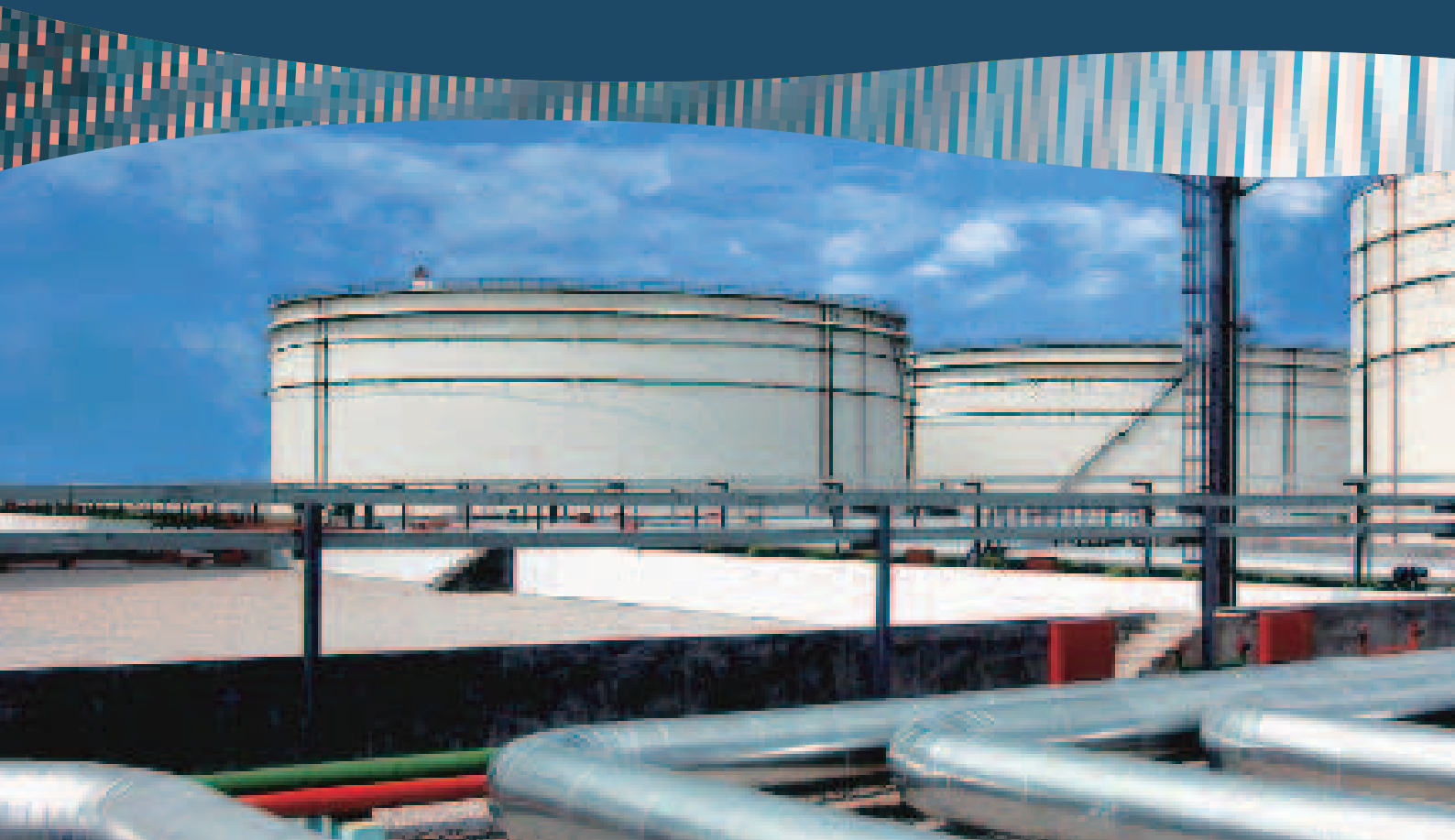


Growth on Solid Foundation

Annual Report 2015



To become a world-class international petrochemical storage and logistics company.





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COMPANY AT A GLANCE

China's Jetty and Storage Business

Jetty Coverage

7 ports

Berth Coverage

35 berths

Annual Jetty Design Capacity

272 mm tons



Huizhou Huade Petrochemical
2 berth
Largest tanker: 300,000 tons
Annual design throughput capacity: 30mm tons



Zhanjiang Port
14 berth
Largest tanker: 300,000 tons
Annual design throughput capacity: 45mm tons



Ningbo Shihua
3 berth
Largest tanker: 450,000 tons
Annual design throughput capacity: 35mm tons



Qingdao Shihua
12 berth
Largest tanker: 300,000 tons
Annual design throughput capacity: 84mm tons



Tianjin Shihua
1 berth
Largest tanker: 300,000 tons
Annual design throughput capacity: 20mm tons



Rizhao Shihua
2 berth
Largest tanker: 300,000 tons
Annual design throughput capacity: 38.5mm tons



Tangshan Caofeidian Shihua
1 berth
Largest tanker: 300,000 tons
Annual design throughput capacity: 20mm tons

Natural Gas Pipeline Business

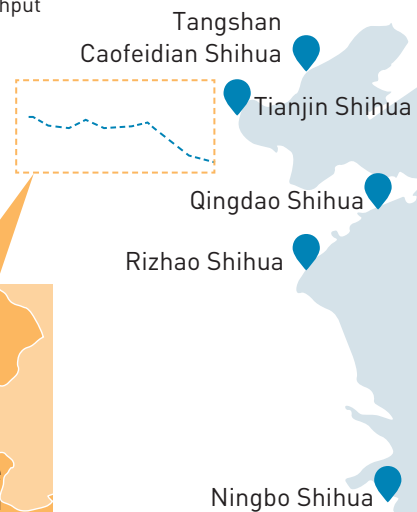
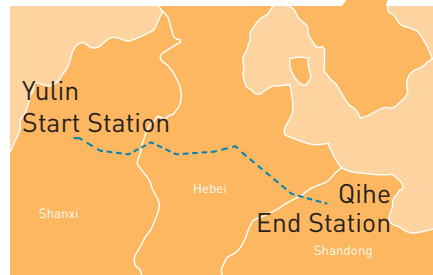


Pipeline Coverage

944.93 km

Annual Design Transmission Capacity⁽¹⁾

5 billion m³



(1) Yu-Ji Pipeline currently undergoing capacity expansion

Overseas' Storage Business

Jetty Coverage⁽¹⁾

4 ports

Total Storage Design Capacity⁽¹⁾

2.78 mm m³



Fujairah Oil Terminal, United Arab Emirates, Middle East
34 storage tanks
Storage capacity: 1.155mm m³



Vesta Terminal Antwerp, Belgium, Europe
65 storage tanks
Storage capacity: 827,000 m³



Vesta Terminal Tallinn, Estonia, Europe
35 storage tanks
Storage capacity: 405,600 m³



Vesta Terminal Flushing, Holland, Europe
27 storage tanks
Storage capacity: 388,500 m³

(1) Does not include Batam Project, which is still in planning phase

Overseas' Logistic Business



● Storage Business
---●--- Logistic Business



Australia Pacific LNG Vessels
6 vessels⁽¹⁾
Each Vessel Capacity: 174,000 m³
Australia ⇌ Ports in China



Papua New Guinea LNG Vessels
2 vessels⁽²⁾
Each Vessel Capacity: 172,000 m³
Papua New Guinea ⇌ China Qingdao



Vessel Charter
1 vessel
Capacity: 300,000 tons

(1) 6 vessels under construction
(2) 1 vessel under construction

CHAIRMAN'S STATEMENT

In 2015, Sinopec Kantons adhered to the highest production safety standards, focusing on quality and efficiency. We strongly improved management control over the subsidiaries, taking a solid step forward in creating a stronger, bigger storage and logistics business.

Mr. Chen Bo
Chairman



The Group achieved a consolidated net profit (including Yu Ji Pipeline Company) of approximately HK\$1,027 million in total.

DEAR SHAREHOLDERS,

In 2015, with the support of our shareholders and the society at large, as well as the joint efforts of all members of staff, Sinopec Kantons Holdings Limited (the “**Company**”) continued to enjoy satisfactory results of its business operation; the consolidated net profit of the Company and its subsidiaries (collectively, the “**Group**”) achieved growth for five consecutive years. On behalf of the Board (the “**Board**”) of Directors (the “**Directors**”) of the Company, I would like to express our cordial gratitude towards our shareholders for their care and support and our employees for their hard work.

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

36.9%

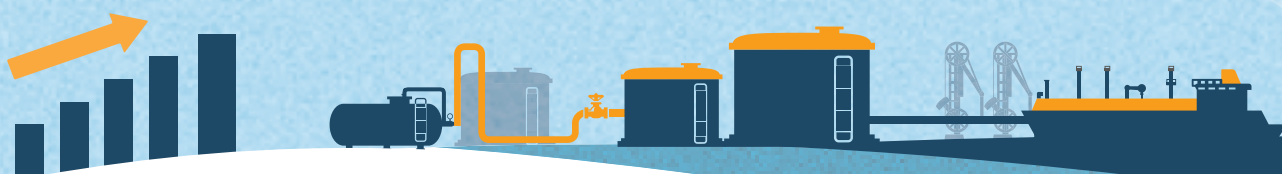
The Group's consolidated five-year net profit compounded annual growth rate

175 million tonnes

The total throughput volume of the Six Domestic Terminal Companies reached 175 million tonnes, representing an increase of 16.28% compared with last year

42.68 HK\$ million

Vessel charter business became profitable, achieving profit of HK\$42.68 million compared with loss of HK\$32.95 million last year



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

Yu Ji Pipeline Company officially became an indirect wholly-owned subsidiary of the Company.

In February 2015, the 1.155 million m³ oil storage project in Fujairah, United Arab Emirates (“UAE”) (the “Fujairah Project”) invested and constructed by the Company officially commenced operation. Since safety risks generally are higher during the initial operation stage of oil storage projects, the Company spared no effort in organizing relevant professional teams to conduct safety numerous inspections of the Fujairah Project, closely followed up and urged the joint venture to rectify hidden risks, to ensure the safety operation of the storage facilities. In order to enhance the economic benefits of the project after the project is launched, the Company actively helped the oil storage company in Fujairah Project develop its marketing business to increase the leasing of oil tanks and maintain a high level of utilization rate. In addition, the Company was keen to assist the oil storage company in Fujairah Project

CHAIRMAN'S STATEMENT

PAPUA, the first vessel under the PNG LNG, was officially put into operation in January 2015 upon the completion of construction. It has carried out 12 rounds of LNG transportation for the whole year.

to complete the refinancing. This not only reduced the financing cost and eased the pressure on loan repayment of the joint venture company, but also eliminated the shareholders' obligation under the original credit agreement to subsidize the differences in the oil tanks' rates paid by the joint venture company. In 2015, the two construction projects of liquefied natural gas ("LNG") vessels progressed smoothly on schedule. PAPUA, the first vessel under the Papua New Guinea LNG Project ("PNG LNG") was officially put into operation in January 2015 upon the completion of construction. It has carried out 12 rounds of LNG transportation for the whole year. The second vessel under PNG LNG at present is in the final construction stage and expected to become operational upon delivery in April 2016. The vessel construction under the Australia Pacific LNG project ("AP LNG") was carried out in two phases, and the first phase involved the construction of six 174,000 m³ LNG vessels. Construction of the six vessels all started in 2015, among them three vessels were undergoing vessel outfitting works and the other three vessels have entered the dock. The completion of construction and subsequent delivery of the LNG vessels will likely become a new focus of profit growth of the Group. In 2015, regarding the 2.6 million m³ oil storage tank and terminal facility in Indonesia via the PT. West Point Terminal joint venture (the "Batam Project") invested by the Company, due to the difference between shareholders on the management philosophy, the project cannot move forward smoothly, and the project construction progress slowed down. The Company will actively take responsive measures to carry out the project and to protect our shareholders' interests.

In 2015, Huade Petrochemical Company Ltd ("Huade Petrochemical"), a wholly-owned subsidiary of the Company, on one hand, continued its devotion in organizing construction of the fuel oil storage project, and on the other hand, strengthened the safety management of production to ensure the safe and stable operation of the terminal and storage facilities. Affected by the refinery equipment maintenance of Guangzhou Branch of Sinopec Corp., its



downstream customer, a total of 89 oil tankers berthed with approximately 12.13 million tonnes of crude oil unloaded for the full year, representing a decrease of approximately 4.19% as compared with last year; approximately 12.06 million tonnes of crude oil were transmitted, representing a decrease of approximately 4.51%; and segment profit of approximately HK\$232 million were realized, representing a decrease of approximately 1.41% as compared with last year. In 2015, the vessel charter business of Sinomart KTS Development Limited (“**Sinomart Development**”), a wholly-owned subsidiary of the Company, fully utilized timing of favorable opportunity of short rebound of the crude oil tanker market, turned profitable and achieved better operating results by keeping abreast of the developing trend of the chartered vessel market and reasonably adjusting the charter period. During the year, Sinomart Development completed a total of seven chartered voyages and delivered crude oil volume of approximately 1.90 million tonnes, generating revenue of approximately HK\$42.68 million for the vessel charter segment. In 2015, driven by the factors such as the gradual relaxation of crude oil importing rights to local refineries by the PRC government, the throughput volume of oil terminal associate companies and joint ventures under the Company maintained a steady growth. For the whole year, the aggregate throughput volume of Zhan Jiang Port Petrochemical Jetty Co. Limited (“**Zhan Jiang Port Petrochemical Terminal**”), Qingdao Shihua Crude Oil Terminal Co. Ltd. (“**Qingdao Shihua**”), Ningbo Shihua Crude Oil Terminal Co. Ltd. (“**Ningbo Shihua**”), Rizhao Shihua Crude Oil Terminal Co. Ltd. (“**Rizhao Shihua**”), Tianjin Port Shihua Crude Oil Terminal Co. Ltd. (“**Tianjin Shihua**”) and Tangshan Caofeidian Shihua Crude Oil Terminal Co. Ltd. (“**Caofeidian Shihua**”) (collectively, the “**Six Domestic Terminal Companies**”) amounted to approximately 175 million tonnes, representing an increase of approximately 16.28% compared with last year, and generated investment return of approximately HK\$622 million, representing an increase of approximately 16.13% compared with last year.

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

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

Hong Kong, 22 March 2016



Six Domestic Terminal Companies realized investment return of approximately HK\$622 million, representing an increase of approximately 16.13% compared with last year.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2015, the Company adhered to the positioning in accordance with the established development strategy to actively develop petrochemical storage and logistic projects. The project of 1.155 million m³ of oil storage tank invested and constructed by the Company in Fujairah in the UAE has started its commercial operation in February 2015. The first vessel of the PNG LNG have officially be put into operation in January 2015, and completed a total of 12 chartered voyages during the year. Along with the expansion of the storage and logistics projects, the Company also achieved good results from its production operation. In 2015, Huade Petrochemical, a wholly-owned subsidiary of the Company continued to operate smoothly; driven by the PRC government gradually removed the limitation on crude oil imports of private refiners, the transmission volume of the Six Domestic Terminal Companies under the Company recorded new high, and continued to maintain a significant increase in investment returns, which contributed to the increase in profitability of the Group.

On 31 December 2015, the Group officially completed the acquisition of 100% equity interest in Yu Ji Pipeline Company. Since the Group and Yu Ji Pipeline Company are both under the common control of China Petrochemical Corporation (“Sinopec Group”), as such, the acquisitions are deemed as business combinations under common control. In accordance with Hong Kong Financial Reporting Standards, the comparative financial information of the annual report has been restated, so as to reflect the effect of the combination of Yu Ji Pipeline Company into the Group. For details, please refer to the Note 32 to financial statements.

Revenue and Cost of Sales

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

Segmental Information

Segmental information of the Group during the year ended 31 December 2015 is set out in note 5 to the financial statements.

Gross Profit and Operating Profit

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

Other Income and Other Gains, Net

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

Administrative Expenses

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

Finance Income

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

Share of Results of Associated Companies

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

Share of Results of Joint Ventures

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

Profit for the Year

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

MANAGEMENT DISCUSSION AND ANALYSIS

Gearing Ratio

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

Liquidity and Source of Finance

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

Bank Loans and Other Borrowings

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

Property, Plant and Equipment

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

Investment Properties

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

Trade and Other Receivables

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

Reserves, Equity attributable to Equity Holders of the Company, Total Equity

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

Trade and Other Payables

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

Deferred Income Tax Liabilities

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

Material Investment, Acquisition and Disposal

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

MANAGEMENT DISCUSSION AND ANALYSIS

Foreign Currency Risk

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

In addition, in order to develop the storage and logistics businesses, and to execute the development strategy set by the Board of the Company in the near future, the Group signed a number of agreements in respect to the expansion of storage and logistics businesses. On 30 December 2014, a conditional acquisition agreement was signed by the Group and Sinopec Corp., for a consideration of RMB2,576,881,100, to acquire the entire equity interest in Yu Ji Pipeline Company held by Sinopec Corp. (the “**Acquisition Agreement**”). On 31 December 2015, all conditions precedent as set out in the Acquisition Agreement were fulfilled. According to the Acquisition Agreement, the consideration shall be paid in cash within 30 days after the day on which the precedent conditions have been fulfilled. Before this Annual Report has been disclosed, the Group had finalized the payment of the consideration. On 9 October 2012, the Group acquired 95% equity interest in PT. West Point Terminal and entered into the shareholders’ agreement for the Batam Project. In accordance with the shareholders’ agreement, as at 31 December 2015, the Group committed to a contribution obligation not exceeding the balance of US\$144,685,000. In addition, in order to meet the needs of LNG vessel construction, on 31 March 2012, the Group entered into a related agreement for the construction of two LNG vessels under the PNG LNG Project. Pursuant to such agreement, as at 31 December 2015, the Group had a shareholder’s loan obligation in the balance of US\$3,303,918. On 28 April 2013, the Group entered into the vessel sponsors’ undertakings in relation to the construction of six LNG vessels under the APLNG. Pursuant to the vessel sponsors’ undertakings, as at 31 December 2015, the Group undertook a contribution obligation not exceeding the balance of US\$106,620,205 in relations to the necessary shareholder’s loan and cost overruns for vessel construction. Along with the progress of project and schedule, the Group shall fulfill the corresponding contribution obligation in accordance with the above agreements. As there is fluctuation in the exchange rate of such currencies, there may be differences between the amount in HK\$ to be paid accordingly and the amount based on the corresponding exchange rate as at the date of the agreements.

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

Contingent Liabilities and Assets pledged of the Group

As at 31 December 2015, the contingent liabilities and assets pledged of the Group are as follows:

GUARANTOR	GUARANTEED ENTITY	NAME OF AGREEMENT	CONTENT OF GUARANTEE CLAUSE	DATE OF AGREEMENT	GUARANTEE PERIOD	GUARANTEE BALANCE AS AT 31 DECEMBER 2015
The Company	Sinomart Development	Sponsor Support Agreement of Fujairah Oil Terminal FZC	Sinomart Development shall make sponsor support loan to Fujairah Oil Terminal FZC subject to the term set out in this agreement. Sinomart Development's obligation shall be guaranteed by the Company.	14 June 2015	Until the full loan repayment in respect of the project	US\$30.00 million
Sinomart Development	Fujairah Oil Terminal FZC	Equity Pledge Agreement of Fujairah Oil Terminal FZC	Sinomart Development pledged its 50% equity interest in Fujairah Oil Terminal FZC to the bank which offered loan in respect of the project of Fujairah Oil Terminal FZC	6 August 2015	Until the full loan repayment in respect of the project	US\$135 million
Sinomart Development	PT. West Point Terminal in Indonesia	Land Lease Agreement of Batam, Indonesia	In the event that PT. West Point Terminal fails to pay to lessor any amount of the Land Lease Fee when due under the Land Lease Agreement, Sinomart Development shall pay, on demand, an amount obtained by multiplying such unpaid amount by the percentage representing its shareholding interest in PT. West Point Terminal	9 October 2012	Effective for 30 years after the date of execution	SGD 5.09 million
The Company	Six companies with LNG vessel assets	Vessel Sponsors' Undertakings in relation to the investment and construction of six LNG vessels under the Australia Pacific LNG Project	The Company provided shareholder's loan in accordance with equity ratio to Kantons International Investment Limited and guarantee for the potential cost overruns in respect of the LNG vessel construction	28 April 2013	Effective until to 18 June 2032	US\$107 million

Save for the above, the Group did not provide any financial assistance or guarantee and pledge of shares for other companies.

MANAGEMENT DISCUSSION AND ANALYSIS

Batam Project of the Group

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

Employees and Emolument Policies

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

REPORT OF THE DIRECTORS

The Board is pleased to submit the annual report and the audited financial statements for the year ended 31 December 2015.

Principal Place of Business

The Company is a company incorporated and domiciled in Bermuda and has its registered office in Bermuda and its principal place of business in Hong Kong at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and 34/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong, respectively.

Principal Activities

The Company acts as an investment holding company. The principal activities and other particulars of its principal subsidiaries are set out in note 1 to the financial statements.

An analysis of the principal activities and segmental information of the Group during the financial year is set out in note 5 to the financial statements.

Business Review

For details in relation to the business review including an analysis of the Group's performance using financial key performance indicators during the reporting period and prospect of the Group, please refer to p.4 to 7 of the Annual Report under the section "Chairman Statement" and p.8 to 14 under the section "Management Discussion and Analysis".

Principal Risks and Uncertainties

Save as disclosed in the Annual Report, the Company is not aware of any principal risks and uncertainties in the Annual Report.

Compliance with Laws and Regulations

For the year ended 31 December 2015, so far as the Company is aware, the Company has complied with relevant laws and regulations that have material effect to the Group in all material aspects.

Major Customers and Suppliers

Information in respect of the Group's sales and purchases attributable to its major customers and suppliers respectively during the financial year is as follows:

	PERCENTAGE OF THE GROUP'S TOTAL	
	SALES	PURCHASES
The largest customer	57%	
Five largest customers in aggregate	99%	
The largest supplier		8%
Five largest suppliers in aggregate		23%

Sinopec Group, the controlling shareholder of the Company indirectly holding more than 60.33% of the Company's share capital, had beneficial interests in three of the five largest customers and two of the five largest suppliers.

Save as disclosed above, none of the Directors, close associates of Directors, nor any substantial shareholders (which to the knowledge of the Directors hold 5% or more of the issued shares of the listed issuer) had any interest in any of the aforementioned suppliers or customers.

REPORT OF THE DIRECTORS

Financial Statements

The profit of the Group for the year ended 31 December 2015 and the financial positions of the Group and the Company as at that date are set out in the financial statements on pages 42 to 114.

Transfer to Reserves

For the year ended 31 December 2015, profits attributable to shareholders, before dividends, of HK\$1,026,852,000 (2014: restated figure of HK\$1,018,364,000; un-restated figure of HK\$700,054,000) have been transferred to reserves. On 31 December 2015, the Company completed acquisition of equity interest in Yu Ji Pipeline Company, Yu Ji Pipeline Company therefore became an indirect wholly-owned subsidiary of the Company. Pursuant to the acquisition agreement, profit and loss of Yu Ji Pipeline Company during the period from the base day of valuation of equity interest to the date of completion of transferring equity interest shall belong to the seller, Sinopec Corp.. For the year ended 31 December 2015, the dividend paid to Sinopec Corp. was HK\$228,534,000. For details of change in other reserves set out in the Consolidated Statement of Changes in Equity.

Final Dividend

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

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

2015 Annual General Meeting

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

Fixed Assets

For the year ended 31 December 2015, the Group spent approximately HK\$313,207,000 (2014: restated figure of HK\$901,959,000, unrestated figure of HK\$233,208,000) on fixed assets. Details of movements in fixed assets are set out in note 17 to the financial statements.

Share Capital

Details of the movements in share capital of the Company during 2015 are set out in note 22 to the financial statements.

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

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

The Board of Directors and Members of each Professional Committee

During the year and up to the date of this report, members of the Board of the Company and the professional committees under which they sit are as follows:

BOARD OF DIRECTORS	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATION COMMITTEE
Executive Directors			
Mr. Chen Bo <i>(Chairman)</i>	Mr. Fong Chung, Mark <i>(Chairman)</i>	Ms. Tam Wai Chu, Maria <i>(Chairlady)</i>	Dr. Wong Yau Kar, David <i>(Chairman)</i>
Mr. Xiang Xiwen (Deputy chairman, appointed on 14 December 2015)	Ms. Tam Wai Chu, Maria	Mr. Chen Bo	Mr. Chen Bo
Mr. Zhu Zeng Qing (Deputy chairman, resigned on 14 December 2015)	Dr. Wong Yau Kar, David	Mr. Fong Chung, Mark	Ms. Tam Wai Chu, Maria
Mr. Dai Liqi (Appointed on 14 December 2015)		Dr. Wong Yau Kar, David	Mr. Fong Chung, Mark
Mr. Zhu Jian Min (Resigned on 14 December 2015)		Mr. Ye Zhijun	Mr. Ye Zhijun
Mr. Li Jianxin (Appointed on 14 December 2015)			
Mr. Tan Ke Fei (Resigned on 14 December 2015)			
Mr. Wang Guotao (Appointed on 14 December 2015)			
Mr. Zhou Feng (Resigned on 14 December 2015)			
Mr. Ye Zhijun (<i>Managing Director</i>)			
Independent Non-executive Directors			
Ms. Tam Wai Chu, Maria			
Mr. Fong Chung, Mark			
Dr. Wong Yau Kar, David			

In accordance with Bye-law 111 of the Company's Bye-laws, Mr. Xiang Xiwen, Mr. Dai Liqi, Mr. Li Jianxin, Mr. Wang Guotao and Mr. Fong Chung, Mark will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

Directors' Service Contracts

Each of Mr. Chen Bo, Mr. Xiang Xiwen, Mr. Dai Liqi, Mr. Li Jianxin and Mr. Wang Guotao has entered into a service contract with the Company for a term of one year renewable automatically for successive terms of one year each commencing from the next day after the expiry of the then current term of the appointment unless terminated by not less than three months' notice in writing served by either party.

REPORT OF THE DIRECTORS

None of the Directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

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

As at 31 December 2015, none of the Directors and chief executives of the Company or any of their spouses or children under eighteen years of age has any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules ("Listing Rules").

Share Option Scheme

For the year ended 31 December 2015, the Company has not established and implemented any share option scheme.

Directors' Rights to acquire Shares or Debentures

At any time during 2015, the Company, its holding companies, subsidiaries, or affiliated subsidiaries did not participate any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other corporate group.

Interests and Short Positions of Substantial Shareholders and other Persons Discloseable Under the SFO

As at 31 December 2015, shareholders who 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 under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions), or which were entered in the register of interests required to be kept by the Company under Section 336 of the SFO were as follows:

	CAPACITY AND NATURE OF INTEREST	TOTAL NUMBER OF ORDINARY SHARES HELD	APPROXIMATE PERCENTAGE OF TOTAL ISSUED SHARES
Sinopec Kantons International Limited ^{note}	Beneficial owner	1,500,000,000 ^(L)	60.33% ^(L)
National Council for Social Security Fund (全國社會保障基金理事會)	Beneficial owner	149,012,000 ^(L)	5.99% ^(L)
ICBC Credit Suisse Asset Management (International) Company Limited	Investment manager	146,690,000 ^(L)	5.90% ^(L)
	Beneficial owner	1,600,000 ^(L)	0.06% ^(L)

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

Save as disclosed above, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who 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 under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions), or which were entered in the register of interests required to be kept by the Company under Section 336 of the SFO.

Directors' Interests in Transactions, Arrangements or Contracts

No transaction, arrangement or contract of significance to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, either directly or indirectly subsisted at the end of the year or at any time during the year.

Arrangements to enable Directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the financial year ended December 31, 2015 nor at any time during the financial year did there subsist any arrangement whose object is to enable the Directors to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the applicable laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Bank Loans and Other Borrowings

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

Five Year Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 115 of the annual report.

Retirement Scheme

Other than operating a Hong Kong Mandatory Provident Fund Scheme and contributions made to the PRC state-managed retirement benefits schemes, the Group has not operated any other retirement schemes for the Group's employees. Particulars of the retirement schemes are set out in note 2 to the financial statements.

The Insurance of Responsibility of Directors

For the details of the insurance of the responsibility of directors of the Company, please refer to page 37 of the Corporate Governance Report.

Compliance with the Corporate Governance Code

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

REPORT OF THE DIRECTORS

Confirmation of Independence of Independent Non-executive Directors

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all of the independent non-executive directors to be independent.

Sufficient Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of the Annual Report, the Company has maintained the prescribed public float under the Listing Rules.

Audit Committee

The Company has set up an Audit Committee with written terms of reference. Currently, the Audit Committee comprises three independent non-executive directors and reports to the Board. The Audit Committee meets with the Group's senior management and external auditor regularly to review the effectiveness of the internal control systems and risks control and the interim and annual reports of the Group and reports directly to the Board.

Auditor

PricewaterhouseCoopers will retire, and, being eligible, will offer themselves for re-appointment. A resolution in relation to the re-appointment of PricewaterhouseCoopers as the auditor of the Company will be submitted at the forthcoming annual general meeting.

Environmental Policies and Performance

For details of the Company's environmental policies and performance, please refer to pages 130 to 136 of the Annual Report under the section "Corporate Social Responsibility Report".

Relationships with Employees, Customers and Suppliers

For our relationship with employees, please refer to the paragraph headed "Employees and Emolument Policies" as set out in the section Management Discussion and Analysis on page 14 of the Annual Report.

Relationship is the fundamentals of business. The Group fully understands this principal and thus maintain close relationship with the customers to fulfil their immediate and long-term need. The Group also strives to maintain fair and co-operating relationship with the suppliers.

Donations

No charitable and other donations were made by the Group during the year ended 31 December 31 2015.

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

Hong Kong, 22 March 2016

CONNECTED TRANSACTIONS

I. Agreements entered into by the Company for Continuing Connected Transactions and Connected Transactions

In order to ensure the normal development of the business of the Group and to comply with the relevant requirements of Chapter 14A of the Listing Rules, on 29 October 2013, the Group entered into continuing connected transaction framework agreements for crude oil jetty services, crude oil supply, and sourcing, vessel charter and financial services respectively for the three financial years from 1 January 2014 to 31 December 2016, including the following agreements:

1. Huade Petrochemical, a wholly-owned subsidiary of the Company, entered into the Sinopec Guangzhou Branch Framework Agreement with Guangzhou Branch of Sinopec Corp. (the “**Sinopec Guangzhou Branch**”) in relation to the provision of crude oil jetty services by the Group to Sinopec Guangzhou Branch. Sinopec Guangzhou Branch is the branch of Sinopec Corp., and Sinopec Corp. indirectly wholly owns Kantons International, the controlling shareholder of the Company. The annual caps in respect of these transactions are HK\$850 million, HK\$850 million and HK\$850 million for the three financial years ending 31 December 2016 respectively.
2. The Company entered into the UNIPEC Framework Master Agreement with UNIPEC in relation to the (i) supply of crude oil by the Group to UNIPEC, its subsidiaries and its associated companies and affiliates (“**UNIPEC Group**”); and (ii) sourcing of crude oil by the Group from the UNIPEC Group. UNIPEC owns the entire issued share capital of Kantons International, the controlling shareholder of the Company. The annual caps for the supply of crude oil are HK\$30,000 million, HK\$35,000 million and HK\$42,000 million for the three financial years ending 31 December 2016 respectively. The annual caps for the sourcing of crude oil are HK\$1,140 million, HK\$1,140 million and HK\$1,200 million for the three financial years ending 31 December 2016 respectively.
3. Sinomart Development entered into the UNIPEC Vessel Charter Framework Master Agreement with UNIPEC in relation to the provision of vessel chartering services to UNIPEC. The annual caps in respect of these transactions are US\$107 million, US\$120 million and US\$133 million for the three financial years ending 31 December 2016 respectively.
4. The Company entered into the Century Bright Financial Services Framework Master Agreement with Sinopec Century Bright Capital Investment Limited (“**Century Bright**”) for the provision of financial services by Century Bright to the Company’s subsidiaries outside the PRC. Century Bright is a wholly-owned subsidiary of Sinopec Group Company, being the controlling shareholder of Sinopec Corp., which in turn wholly owns Kantons International, the controlling shareholder of the Company. The annual caps in respect of these transactions are HK\$500 million, HK\$500 million and HK\$500 million for the three financial years ending 31 December 2016 respectively.
5. Huade Petrochemical entered into the Sinopec Finance Financial Services Framework Master Agreement with Sinopec Finance Company Limited (“**Sinopec Finance**”) in relation to the provision of financial services within the PRC by Sinopec Finance to the Huade and its subsidiaries. Sinopec Finance is owned as to 51% equity interest by Sinopec Group and 49% equity interest by Sinopec Corp. Sinopec Group Company is the controlling shareholder of Sinopec Corp. which in turn indirectly wholly owns Kantons International, the controlling shareholder of the Company. The annual caps in respect of these transactions are RMB500 million, RMB500 million and RMB500 million for the three financial years ending 31 December 2016 respectively.

The above agreements and continuing connected transactions have respectively obtained approval at the special general meeting of the Company held on 13 December 2013.

CONNECTED TRANSACTIONS

In addition, in order to expand its scale of operation and enhance its profitability, Huade Petrochemical entered into the Huade Construction Project Framework Agreements with three members of the Sinopec Group, including (1) 中國石化廣州工程有限公司 (Sinopec Guangzhou Petrochemical Engineering Corporation*) ("**Sinopec Guangzhou Engineering**"), (2) 中國石化第四建設有限公司 (Sinopec Fourth Construction*) ("**Sinopec Fourth Construction**") and (3) 中國石化國際事業有限公司 (Sinopec International*) ("**Sinopec International**") on 29 October 2013 in respect of the feasibility studies as well as design and construction services and material sourcing services in relation to the building of fuel oil tanks. Sinopec Guangzhou Engineering and Sinopec Fourth Construction are wholly owned subsidiaries of Sinopec Engineering. Sinopec Engineering is a subsidiary of Sinopec Group, being the controlling shareholder of Sinopec Corp., and Sinopec Corp. indirectly wholly owns Kantons International, the controlling Shareholder of the Company. Sinopec International is a wholly owned subsidiary of Sinopec Corp., and Sinopec Corp. indirectly wholly owns Kantons International, the controlling Shareholder of the Company.

The maximum service fees payable by Huade Petrochemical to each of Sinopec Guangzhou Engineering, Sinopec Fourth Construction and Sinopec International are RMB13.48 million, RMB104.61 million and RMB13 million respectively. As the applicable percentage ratio of the transactions under the abovementioned fuel oil construction project framework agreement is more than 0.1% but less than 5%, the said agreement and connected transactions are only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but exempt from the Independent Shareholders' approval requirement.

The abovementioned fuel oil tanks will be leased to Sinopec Fuel Oil Sales Company Limited ("**Sinopec Fuel Oil**") upon completion, thus Huade Petrochemical entered into the Sinopec Fuel Oil Sales Company Limited Framework Master Agreement with Sinopec Fuel Oil on 29 October 2013 in relation to the provision of fuel oil jetty and storage services by Huade to Sinopec Fuel Oil for a term of two years commencing from 1 January 2015 and ending on 31 December 2016. Sinopec Fuel Oil is a wholly owned subsidiary of Sinopec Corp., and Sinopec Corp. indirectly wholly owns Kantons International, the controlling Shareholder of the Company. The annual caps in respect of these transactions are HK\$60 million and HK\$130 million for the two financial years ending 31 December 2016 respectively.

On 29 October 2013, the Company entered into the "UNIPEC Bunkering Framework Master Agreement" in relation to the provision of marine bunkering services by UNIPEC Singapore Pte Limited ("**UNIPEC Singapore**") to the Group with a term of three years commencing from 1 January 2014 and ending on 31 December 2016. UNIPEC Singapore is a wholly-owned subsidiary of UNIPEC, and UNIPEC directly wholly owns Kantons International, the controlling Shareholder of the Company. The annual caps in respect of these transactions are US\$48 million, US\$49 million and US\$49 million for the three financial years ending 31 December 2016 respectively.

As the applicable percentage ratios for the value caps of each of the above two continuing connected transactions are more than 0.1% but less than 5%, the continuing connected transactions contemplated under these two agreements only require to comply with the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the Independent Shareholders' approval.

For details of the above continuing connected transactions and connected transactions, please refer to the announcement released on 29 October 2013 on the websites of HKEx (www.hkexnews.hk) and the Company (www.sinopec.com.hk).

II. The Major Transaction and the Connected Transaction and Related Continuing Connected Transactions in relation to the Acquisition of the Entire Equity Interest in Sinopec Yu-Ji Pipeline Company Limited

In order to strengthen the competitive advantages of core businesses of the Group and to enhance its profitability, the Company, through its wholly-owned subsidiary Sinomart Development, entered into the Acquisition Agreement with Sinopec Corp. in respect to the acquisition of the entire equity interest in Yu-Ji Pipeline Company. According to the requirements under the Listing Rules of the Stock Exchange, the Acquisition constitutes a connected

transaction and major transaction, and requires to comply with the reporting and announcement requires under Chapter 14 and 14A of the Listing Rules and obtain approval from the independent shareholders of the Company.

Moreover, as Yu-Ji Pipeline Company is in close business ties with Sinopec Corp., in order to ensure the smooth operations of Yu-Ji Pipeline Company after the acquisition, on 30 December 2014, the Group entered into the continuing connected transactions framework agreements in respect to the natural gas transmission, financial services, storage leasing, service outsourcing as well as land and buildings leasing during the three financial years from 1 January 2015 to 31 December 2017 as follows:

1. "Natural Gas Transmission Services Framework Master Agreement" entered into between Yu-Ji Pipeline Company and the Sinopec Natural Gas Branch Company under Sinopec Corp. in respect of natural gas transmission services from Yu Ji Pipeline Company. Sinopec Natural Gas Branch Company is the branch of Sinopec Corp. The annual caps in respect of these transactions are RMB1,343 million, RMB1,478 million and RMB1,550 million for each of the three financial years ending 31 December 2017 respectively;
2. "Yu-Ji Pipeline Financial Services Framework Master Agreement" entered into between Yu-Ji Pipeline Company and Sinopec Finance in respect of provision of various financial services by Sinopec Finance to Yu Ji Pipeline Company. The annual caps in respect of the deposit services are RMB500 million, RMB600 million and RMB800 million for each of the three financial years ending 31 December 2017 respectively;
3. "Gas Storage Framework Master Lease Agreement" entered into between Yu-Ji Pipeline Company and the Sinopec Natural Gas Branch Company under Sinopec Corp. in respect of leasing of certain gas storage facilities by Sinopec Natural Gas Branch Company to Yu Ji Pipeline Company. The annual caps in respect of these transactions are RMB95 million, RMB97 million and RMB97 million for each of the three financial years ending to 31 December 2017;
4. "Services Outsourcing Framework Master Agreement" entered into between Yu-Ji Pipeline Company and the Sinopec Natural Gas Branch Company under Sinopec Corp. in respect of provision of outsourcing services by Sinopec Natural Gas Branch Company to Yu Ji Pipeline Company. The annual caps in respect of these transactions are RMB340 million, RMB380 million and RMB420 million for each of the three financial years ending 31 December 2017 respectively;
5. "Lands and Buildings Framework Master Lease Agreement" entered into between Yu-Ji Pipeline Company and the Sinopec Natural Gas Branch Company under Sinopec Corp. in respect of leasing of certain parcels of lands and buildings by Sinopec Natural Gas Branch Company to Yu Ji Pipeline Company. The annual caps in respect of these transactions are RMB8,386,000, RMB8,386,000 and RMB8,386,000 for each of the three financial years ending 31 December 2017 respectively.

Among the five abovementioned continuing connected transactions, pursuant to the relevant requirements under the Listing Rules, the applicable percentage ratios of the continuing connected transactions in relation to natural gas transmission and financial service are more than 5%, thus are required to comply with the reporting and announcement requirements and subject to the approval of independent shareholders of the Company; while the applicable percentage ratios of the caps under the continuing connected transactions in relation to gas storage facilities leasing and service outsourcing are more than 0.1% but less than 5%, thus are only subject to the relevant reporting and announcement requirements, but exempt from approval from the independent shareholders; and the applicable percentage ratios of the continuing connected transactions in relation to land and building leasing is less than 0.1%, thus constitutes a fully exempted continuing connected transaction.

The acquisition of Yu Ji Pipeline Company and the acquisition agreement, the natural gas transmission continuing connected transaction and framework agreement and the financial service continuing connected transaction and framework agreement are approved at the special general meeting of the Company held on 10 February 2015, all the prerequisites for the acquisition were completed on 31 December 2015. Yu Ji Pipeline Company becomes a wholly-owned subsidiary of the Company after the completion of acquisition.

CONNECTED TRANSACTIONS

For details of the above major transactions and connected transaction and continuing connected transactions in relation to the acquisition of Yu Ji Pipeline Company, please refer to the announcement released on 30 December 2014 on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinopec.com.hk).

III. Information on the Connected Transactions made by the Group during the year

In 2015, the connected transactions (including the continuing connected transactions) of the Group that took place during the year have been fully disclosed in note 30 to the financial statements of the Annual Report and constitute part of the Group's related party transactions. Save as mentioned therein, there were no connected transactions required to be disclosed in accordance with the Listing Rules.

In accordance with Rule 14A.55 of the Listing Rules, the independent non-executive directors of the Company have reviewed and approved each of the continuing connected transactions above and confirmed that the continuing connected transactions were entered in accordance with the following principles:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or better; and
- (3) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

The auditor of the Company was engaged to report on the Company's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information," and with reference to Practice Note 740, "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules," issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its conclusions (with a copy provided to the Hong Kong Stock Exchange) in accordance with Rule 14A.56 of the Listing Rules of the Hong Kong Stock Exchange and confirming that nothing has come to their attention that causes them to believe the continuing connected transactions:

- (1) have not been approved by the Board;
- (2) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involved provision of goods or services by the Group;
- (3) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
- (4) have exceeded the cap.

The Company has also obtained a waiver from the Stock Exchange on other connected transactions from strict compliance with the relevant requirements under Chapter 14 of the Listing Rules on 25 June 1999 for a period so long as the value of the relevant connected transaction in any financial year does not exceed 3% of the net tangible assets of the Group as at the end of that year, subject to certain waiver conditions as stipulated in paragraph (D) (1) of "conditions to waiver" in the section headed "Business-Connected Transactions" in the prospectus of the Company dated 15 June 1999.

DIRECTORS AND SENIOR MANAGEMENT

As at 31 December 2015, our directors and senior management are as follows:

Executive Directors

Mr. Chen Bo, aged 53, Chairman of the Company. He graduated from East China Institute of Chemical Technology, currently known as East China University of Science and Technology, majoring in oil refining engineering and obtained a Bachelor of Engineering in July 1986 and also has a professional qualification of engineer. Mr. Chen is currently the General Manager and Executive Director of UNIPPEC. After graduation from university, Mr. Chen has been working in Sinopec Group. Since joining UNIPPEC in 1993, he has successively held various positions including the Business Manager of Crude Oil Department of UNIPPEC, Business Manager and Deputy Manager of UNIPPEC Asia Company Limited, Deputy Manager and Manager of Crude Oil Department of UNIPPEC and Assistant to General Manager and Deputy General Manager of UNIPPEC. Mr. Chen has extensive working experience in international crude oil and natural gas trading and transportation as well as international storage logistics and has maintained a good relationship with the world's major oil producers, large oil companies and large trading companies, and enjoys good reputation and credit in the industry. Mr. Chen has been the Chairman and Executive Director of the Company since May 2014.

Mr. Xiang Xiwen, aged 50, Deputy Chairman of the Company. Mr. Xiang graduated from Liaoning University in July 1989 majoring in accounting. He has the professional qualification of professor accountant. Also, he obtained a Master of Economics and has extensive experience in financial management and accounting. From July 1989 to April 2000, Mr. Xiang was Deputy Section Chief and Section Chief of Henan Petroleum Exploration Administration of Sinopec Group; from May 2000 to May 2002, he was Chief Accountant of the First Oil Production Plant of Henan Oilfield Branch Company of Sinopec Group ("**Henan Oilfield Company**"); from June 2002 to April 2014, he was Deputy Chief Accountant and Chief Accountant of Henan Oilfield Company; since May 2014, he has been Deputy Head of the Finance Department of Sinopec Corp. Mr. Xiang has been the Deputy Chairman and Executive Director of the Company since December 2015.

Mr. Dai Liqi, aged 48, Executive Director of the Company. Mr. Dai graduated from China Textile University in July 1989 majoring in chemical fiber with a Bachelor of Engineering. He also has a professional qualification of senior engineer. From August 1989 to February 1994, Mr. Dai was Lead Technician and Engineer of the Post-combed Drawing Workshop of Polyester Factory of Sinopec Tianjin Petrochemical Corporation; from February 1994 to January 2002, he was Engineer and Senior Engineer of Planning & Development Department of Sinopec Corp.; from February 2002 to October 2005, he was Deputy Head of the Project Cooperation Office of Planning & Development Department of Sinopec Corp.; from October 2005 to October 2010, he was the Head of the Project Cooperation Office of Planning & Development Department of Sinopec Corp.; since October 2010, he has been Deputy Director of the Planning & Development Department (Foreign Cooperation Office) of Sinopec Corp. Mr. Dai has been Executive Director of the Company since December 2015.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Li Jianxin, aged 48, Executive Director of the Company. Mr. Li graduated from Hangzhou University in 1990 majoring in public finance with a Bachelor of Economics and graduated from International Business College of Nanjing University in June 1988 with a Master of Business Administration. He also has professional qualification of professor of economist. From August 1990, Mr. Li worked for Sinopec Yangzi Petrochemical Company Ltd. ("**Yangzi Petrochemical Company**"); from August 1996 to July 2000, he was the clerical officer, Deputy Section Chief and Section Chief of the Finance Department of Yangzi Petrochemical Company; from July 2000 to April 2002, he was Deputy Director of the Finance Department of Sinopec Guangdong Oil Products Branch Company; From April 2002 to September 2005, he was Deputy Chief Accountant, Chief Accountant of Shenzhen Oil Products Branch Company; from September 2005 to June 2007, he was Chief Accountant of Guizhou Oil Products Branch Company of Sinopec Corp.; from June 2007 to April 2015, he was the Chief Financial Officer, Director and General Manager of Sinopec (Hong Kong) Limited and also Director of Sinopec Century Bright Capital Investment Limited and Sinopec Insurance Limited; and since April 2015, he has been the Chief Accountant of Guangzhou Branch Company of Sinopec Corp., Mr. Li has been Executive Director of the Company since December 2015.

Mr. Wang Guotao, aged 50, Executive Director of the Company. Mr. Wang graduated from Huazhong University of Science and Technology in July 1988 majoring in applied chemistry and held a master's degree in oil and natural gas engineering. He also has professional qualification of senior engineer. From July 1988 to July 1995, he was an oil tanks technician of Shengli Oil Transmission Company of Pipeline Bureau; from July 1995 to June 1998, he was Deputy Station Head, Station Head of Shou Guang Station of Shengli Oil Transmission Company of Pipeline Bureau; from June 1998 to June 2001, he was Station Head of Shou Guang Station of Shengli Oil Transmission Company and Station Head of Shou Guang Station of Weifang Pipeline Division of Pipeline Storage & Transportation Company; from June 2001 to August 2001, he was Deputy Head and Director of Huangdao Oil Tanks of Weifang Pipeline Division of Pipeline Storage & Transportation Company; from August 2001 to December 2004, he was Deputy Director of Huangdao Oil Tanks of the branch of Pipeline Storage & Transportation Company; from December 2004 to May 2012, he was Director and Deputy Secretary to the Communist Party Committee of Huangdao Oil Tanks of the branch of Pipeline Storage & Transportation Company (from April 2008 to May 2012, he was the Head of Qing Dao Management Office of Pipeline Storage & Transportation Company); from May 2012 to September 2014, he was Deputy General Manager and the Standing Committee Member of Communist Party Committee of the branch of Pipeline Storage & Transportation Company; since September 2014, he has been Deputy General Manager and the Standing Committee Member of the Communist Party Committee of Pipeline Storage & Transportation Company. Mr. Wang has been Executive Director of the Company since December 2015.

Mr. Ye Zhijun, aged 50, Managing Director of the Company. Mr. Ye has a bachelor degree in chemical engineering and Master of Business Administration and has professional qualification of senior economist. He worked in Sinopec Guangzhou Petroleum and Chemical Plant in August 1988. He was Deputy Officer and Officer of Marketing Department of Guangzhou Yinzhu Polypropylene Ltd of Guangzhou Petroleum and Chemical Plant from June 1995 to July 1997; Deputy General Manager of Guangzhou Yinzhu Polypropylene Ltd of Guangzhou Petroleum and Chemical Plant from July 1997 to September 1999; and Deputy Manager of Sales Centre of Sinopec Guangzhou Company from September 1999 to December 2001. Mr. Ye has been the Managing Director of the Company since January 2002.

Independent Non-executive Directors

Ms. Tam Wai Chu, Maria, GBM, JP, aged 70, Independent Non-Executive Director of the Company. Ms. Tam was educated at London University. She qualified as a barrister-at-law at Gray's Inn, and practised in Hong Kong. Ms. Tam was a member of the Preparatory Committee for the Hong Kong Special Administrative Region (PRC) and Hong Kong Affairs Advisor (PRC). She is currently an Independent Non-Executive Director of Guangnan (Holdings) Limited, Minmetals Land Limited, Nine Dragons Paper (Holdings) Limited, Sa Sa International Holdings Limited, Tong Ren Tang Technologies Co. Ltd., Wing On Company International Limited and Macau Legend Development Limited, all listed companies on the Stock Exchange. She is also a Director of Green Fun Limited and Love, Family Foundation Limited. She was a member of the Advisory Committee on Corruption and Witness Protection Review Board of Independent Commission Against Corruption ("ICAC") of Hong Kong from January 2010 to December 2014. She is the Chairman of Operations Review Committee, a member on the Panel of the Witness Protection Review Board, and an Ex-Officio of the Advisory Committee on Corruption under the Independent Commission Against Corruption since January 2015. She is a Deputy to the National People's Congress of The People's Republic of China and a member of the Hong Kong Basic Law Committee. She is also a member of various community service organisations. Ms. Tam has been Independent Non-Executive Director of the Company since June 1999.

Mr. Fong Chung, Mark, aged 64, Independent Non-Executive Director of the Company. Mr. Fong is the former President of the Hong Kong Institute of Certified Public Accountants. Mr. Fong has over 30 years of experience in the accounting profession and is a Fellow Member of the Institute of Chartered Accountants in England and Wales ("ICAEW") and a Fellow Member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Mr. Fong is currently an Independent Non-Executive Director of New China Life Insurance Co., Ltd., Macau Legend Development Limited and China Oilfield Services Limited all are companies listed on the Hong Kong Stock Exchange, and is also a Non-Executive Director of Worldsec Limited, a company listed on London Stock Exchange. Mr. Fong has been Independent Non-Executive Director of the Company since September 2004.

Dr. Wong Yau Kar, David, BBS, JP, age 58, Independent Non-Executive Director of the Company. Dr. Wong received a Doctor of Philosophy from the University of Chicago. Dr. Wong has extensive experience in manufacturing, direct investment and international trade. Dr. Wong is active in public service. He is a Hong Kong deputy of the 12th National People's Congress of the PRC. He is also Chairman of the Land and Development Advisory Committee, Mandatory Provident Fund Schemes Authority and Protection of Wages on Insolvency Fund Board. Dr. Wong is currently an Independent Non-Executive Director of Concord New Energy Group Limited, ReOrient Group Limited, China Juhao Health Industry Corporation Limited, Shenzhen Investment Limited and Redco Properties Group Limited, all listed companies on the Stock Exchange. Dr Wong has been Independent Non-Executive Director of the Company since March 2014.

DIRECTORS AND SENIOR MANAGEMENT

Other Senior Management

Mr. Pang Ai Bin, aged 46, Deputy General Manager of the Company. Mr. Pang holds a bachelor's degree and has the professional qualification of senior economist. He joined Sinopec Jiujiang Petrochemical Factory in August 1991. He was the Deputy Chief of Crude Oil Department of Sinopec International Co. Ltd. From February 2005 to September 2005, he was the Deputy Chief of Crude Oil Department of UNIPEC from October 2005 to March 2008. Mr. Pang has been Deputy General Manager of the Company since March 2008.

Ms. Zhang Xiu Lan, aged 49, Deputy General Manager of the Company. Ms. Zhang holds a Bachelor of Finance, and the professional qualification of senior accountant. And she also has a certified of Accountancy Profession in China (CICPA). She joined Beijing Yanshan Petrochemical Company in August 1989 and has worked in Refinery Factory of Beijing Yanshan Petrochemical Company, the Planning Institute of Sinopec Group and the Finance Department of Sinopec Corp. respectively after her university studies. She was the Deputy Chief of Audit Division of Finance Department of Sinopec Corp. from June 2003 to October 2003, and the Deputy Chief of Treasury Division of Finance Department of Sinopec Corp. from November 2003 to March 2008. Ms. Zhang was the Chief Financial Officer of the Company from March 2008 to February 2012, and has been Deputy General Manager of the Company since March 2012.

Mr. Li Wen Ping, aged 52, Secretary to the Board of the Company. Mr. Li holds an Master of Business Administration (MBA) and has the professional qualification of senior economist. He joined the research institute of Sinopec Yangxi Petrochemical Co. Ltd. in August 1985. He was Deputy Head of Plastic Research and Development Centre of Yangxi Petrochemical Company from January 1994 to September 1994, and Project Manager of Joint Venture and Cooperation Division of Yangxi Petrochemical Company from January 1999 to January 2002, and the Investor Relations Manager of Hong Kong Representative Office of Sinopec Corp. from January 2002 to March 2008. Mr. Li has been the Secretary to the Board of the Company since March 2008.

Mr. Zhu Jian, aged 40, Deputy General Manager of the Company. Mr. Zhu holds a Bachelor of Engineering and has the professional qualification of economist. He worked in Ningbo Port Company Ltd. Oil Handling & Tug (Barge) Branch in August 1998 and joined UNIPEC. In 2000, in which he served as Deputy Officer of Transportation Department from October 2007 to July 2011. Mr. Zhu has served as Deputy General Manager of the Company since July 2011.

Mr. Chen Hong, aged 43, Chief Financial Officer of the Company. Mr. Chen graduated from Renmin University of China in July 1994 majoring in international accounting and has a Bachelor of Economics and professional qualification of senior accountant. He worked with the Finance Department of Sinopec International Co. Ltd, Sinopec International Products Trading Co, Sinopec (Singapore) Company, UNIPEC (Singapore) Company and other units successively. He was the Deputy Chief of Finance Department of UNIPEC from December 2008 to March 2012. Mr. Chen has been the Chief Financial Officer of the Company since March 2012.

CORPORATE GOVERNANCE REPORT

Annual General Meeting

On 6 June 2015, the Company convened the 2014 Annual General Meeting at Taishan Room (Level 5), Island Shangri-La, Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong strictly in accordance with laws, regulations and the relevant notice, convening and holding requirements under the Bye-laws of the Company. Mr. Chen Bo, the Chairman of the Board of the Company, presided over the Annual General Meeting, and Ms. Tam Wai Chu, Maria (Chairlady of Remuneration Committee), Dr. Wong Yau Kar, David (Chairman of Nomination Committee) and PricewaterhouseCoopers, the auditor, also attended the meeting upon invitation. Mr. Fong Chung, Mark (Chairman of Audit Committee) did not attend the Annual General Meeting due to other engagement. For details of the above meetings, please refer to the relevant announcements of the Company published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.sinopec.com.hk) on 4 June 2015.

On 10 February 2015, the Company convened a Special General Meeting at Taishan Room (Level 5), Island Shangri-La, Hong Kong, Pacific Place, Supreme Court Road, Central, Hong Kong to consider and approve the proposal of acquisition of the entire interests in Yu Ji Pipeline Company and the continuous connected transactions of the relevant proposals. The chairman of the Board, Mr. Chen Bo, convened the Special General Meeting. The chairman of the Independent Board Committee, which was established for the purpose of the above matters, Ms. Tam Wai Chu, Maria, the financial consultant, Merrill Lynch Far East Limited, the independent financial consultant, Somerley Limited, the auditor, Grant Thornton Hong Kong Limited, and legal adviser, Edwards Wildman Palmer, were invited to attend the meeting. For details of the meeting, please refer to the announcement of the Company dated 10 February 2015, which is published on the website of Hong Kong Stock Exchange at www.hkexnews.hk and also published on the Company's website at www.sinopec.com.hk.

Attendance of the general meeting in 2015 is as follows:

ATTENDANCE	NO. OF MEETINGS ATTENDED	ATTENDANCE %
Mr. Chen Bo	2	100
Mr. Xiang Xiwen (Appointed on 14 December 2015)	0	0
Mr. Zhu Zeng Qing (Resigned on 14 December 2015)	0	0
Mr. Dai Liqi (Appointed on 14 December 2015)	0	0
Mr. Zhu Jian Min (Resigned on 14 December 2015)	0	0
Mr. Li Jianxin (Appointed on 14 December 2015)	0	0
Mr. Tan Ke Fei (Resigned on 14 December 2015)	0	0
Mr. Wang Guotao (Appointed on 14 December 2015)	0	0
Mr. Zhou Feng (Resigned on 14 December 2015)	0	0
Mr. Ye Zhijun	2	100
Ms. Tam Wai Chu, Maria	2	100
Mr. Fong Chung, Mark ⁽²⁾	0	0
Dr. Wong Yau Kar, David	2	100

Note:

- (1) At the time the two general meetings were convened in 2015, Mr. Xiang Xiwen, Mr. Dai Liqi, Mr. Li Jianxin and Mr. Wang Guotao had nil attendance since they have not been appointed as Board members yet.
- (2) On 10 February 2015, the Company convened a Special General Meeting relating to the acquisition of 100% share interests in Yu Ji Pipeline Company and relevant continuing connected transactions. Due to personal intention, Mr. Fong Chung, Mark was not appointed as the member of Independent Board Committee which was established for the purpose of acquisition and relevant continuing connected transactions. Therefore, Mr. Fong Chung, Mark did not need to attend the Special General Meeting held on 10 February 2015.

CORPORATE GOVERNANCE REPORT

The Board of Directors

The Board provides effective and responsible leadership for the Company. The directors, individually and collectively, act in good faith in the best interests of the Company and its shareholders. The Company has adopted the Code as set out in Appendix 14 of the Listing Rules in 2015 and is in compliance with the Code Provisions in the Code, save for those disclosed in this Annual Report.

As at 31 December 2015, the Board comprised six executive Directors and three independent non-executive Directors. The independent non-executive Directors were appointed for a term of three years, subject to retirement by rotation at annual general meeting and being eligible, to offer themselves for re-election. The Board has established the Audit Committee, the Remuneration Committee, and the Nomination Committee. The Board and the committees are responsible for overseeing specific areas of the Company's affairs. The composition of the Board and the committees are given below and their respective responsibilities are discussed later in this report.

BOARD OF DIRECTORS	AUDIT COMMITTEE	REMUNERATION COMMITTEE	NOMINATION COMMITTEE
Executive Directors			
Mr. Chen Bo (<i>Chairman</i>)	Mr. Fong Chung, Mark (<i>Chairman</i>)	Ms. Tam Wai Chu, Maria (<i>Chairlady</i>)	Dr. Wong Yau Kar, David (<i>Chairman</i>)
Mr. Xiang Xiwen (Deputy chairman, appointed on 14 December 2015)	Ms. Tam Wai Chu, Maria	Mr. Chen Bo	Mr. Chen Bo
Mr. Zhu Zeng Qing (Deputy chairman, resigned on 14 December 2015)	Dr. Wong Yau Kar, David	Mr. Fong Chung, Mark	Ms. Tam Wai Chu, Maria
Mr. Dai Liqi (Appointed on 14 December 2015)		Dr. Wong Yau Kar, David	Mr. Fong Chung, Mark
Mr. Zhu Jian Min (Resigned on 14 December 2015)		Mr. Ye Zhijun	Mr. Ye Zhijun
Mr. Li Jianxin (Appointed on 14 December 2015)			
Mr. Tan Ke Fei (Resigned on 14 December 2015)			
Mr. Wang Guotao (Appointed on 14 December 2015)			
Mr. Zhou Feng (Resigned on 14 December 2015)			
Mr. Ye Zhijun (<i>Managing Director</i>)			
Independent Non-executive Directors			
Ms. Tam Wai Chu, Maria			
Mr. Fong Chung, Mark			
Dr. Wong Yau Kar, David			

The Board sets the Group's objectives and monitors its performance. The Board also decides on corporate matters such as annual and interim results, disclosable transactions and connected transactions, director appointments, and dividends and accounting policies. The Board has delegated the authority and responsibility of managing and overseeing the Group's day to day operations to management.

The company secretary assists the Board in setting the agenda of Board meetings as instructed, and each director is invited to discuss or propose any businesses at the meetings. All directors have timely access to all relevant information of the meetings and may seek professional advice if necessary. The Company held six Board meetings in 2015. Attendance of the Board meetings are as follows:

ATTENDANCE	NO. OF MEETINGS ATTENDED	ATTENDANCE %
Mr. Chen Bo	6	100
Mr. Xiang Xiwen (Deputy Chairman, appointed on 14 December 2015)	0	0
Mr. Zhu Zeng Qing (Deputy Chairman, resigned on 14 December 2015)	6	100
Mr. Dai Liqi (Appointed on 14 December 2015)	0	0
Mr. Zhu Jian Min (Resigned on 14 December 2015)	0	0
Mr. Li Jianxin (Appointed on 14 December 2015)	0	0
Mr. Tan Ke Fei (Resigned on 14 December 2015)	0	0
Mr. Wang Guotao (Appointed on 14 December 2015)	0	0
Mr. Zhou Feng (Resigned on 14 December 2015)	6	100
Mr. Ye Zhijun	6	100
Ms. Tam Wai Chu, Maria	6	100
Mr. Fong Chung, Mark	6	100
Dr. Wong Yau Kar, David	6	100

Note: At the time the six Board meetings were convened in 2015, Mr. Xiang Xiwen, Mr. Dai Liqi, Mr. Li Jianxin and Mr. Wang Guotao had nil attendance since they were not appointed as Board members yet.

CORPORATE GOVERNANCE REPORT

All independent non-executive Directors are financially independent from the Company and any of its subsidiaries.

The Company confirmed with all independent non-executive Directors as to their independence with reference to the factors as set out in Rule 3.13 of the Listing Rules.

The Board participates in the selection and approval of new Directors. Independent non-executive Directors are appointed for a specific term. Under the Bye-laws of the Company, all the Directors are currently required to be re-elected by rotation at least once every three years. The Board takes into consideration criteria such as expertise, experience, integrity and commitment when appointing new directors.

Audit Committee

The audit committee of the Company (the “**Audit Committee**”) comprises all three independent non-executive Directors. It is responsible for reviewing the accounting principles and practices, auditing, internal controls and risks management, internal audit and legal and regulatory compliance of the Group. It also reviewed the interim and final results of the Group prior to recommending them to the Board for approval. It meets to review financial reporting and internal control matters and to this end has unrestricted access to the Company’s auditors. The Audit Committee is chaired by Mr. Fong Chung, Mark, a qualified accountant with extensive experience in financial reporting and control. In 2015, the Audit Committee held two meetings to review the annual results of the Group for the financial year ended 31 December 2014 and the interim results for the six months ended 30 June 2015, review the accounting principles and practices adopted by the Group with the management and external auditors, and discuss and review the internal control and financial reports. The attendance of members of the Audit Committee at the Audit Committee meetings were as follows:

ATTENDANCE	NO. OF MEETINGS ATTENDED	ATTENDANCE %
Mr. Fong Chung, Mark (<i>Chairman</i>)	2	100
Ms. Tam Wai Chu, Maria	2	100
Dr. Wong Yau Kar, David	2	100

The Company’s annual results for the financial year ended 31 December 2015 have been reviewed by the Audit Committee.

Remuneration Committee

The remuneration committee of the Company (the “**Remuneration Committee**”) comprises three independent non-executive Directors and two executive Directors, of which an independent non-executive Director, Ms. Tam Wai Chu, Maria, is the chairperson. The Remuneration Committee is responsible for studying and determining the remuneration of the Company’s Directors and senior management as well as the incentive policies, and such Directors’ remuneration and incentive policies will be proposed to the Board of the Company. To avoid conflicts of interest, any member who is interested in any given proposed motion is required to abstain from voting on such motion.

The main element of the Company’s remuneration policy is that no individual should determine his or her own remuneration; remuneration should reflect the performance of the individual, and the positions, complexity, duties, level and responsibilities.

In 2015, the Remuneration Committee convened three meetings, during which the remuneration of newly appointed executive Directors and the directors' fee of newly appointed independent non-executive Director were discussed, and the performance of the Company's staff on the storage and logistics expansion projects were evaluated, and rewards were offered in accordance with the relevant assessment and incentive mechanisms. The attendances of members of the Remuneration Committee at the Remuneration Committee meeting were as follows:

ATTENDANCE	NO. OF MEETINGS ATTENDED	ATTENDANCE %
Ms. Tam Wai Chu, Maria (<i>Chairlady</i>)	3	100
Mr. Chen Bo	3	100
Mr. Fong Chung, Mark	3	100
Dr. Wong Yau Kar, David	3	100
Mr. Ye Zhijun	3	100

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") comprises three independent non-executive Directors and two executive Directors, of which Dr. Wong Yau Kar, David, an independent non-executive Director, is the chairperson.

The Nomination Committee is responsible for formulating and implementing policies relating to the nomination of directors and various reference factors such as gender, age, cultural background, professional experience, qualification and academic background related to the operations of the Company, integrity of nominees, availability and independence. Other functions of the Nomination Committee include: (i) to review structure, number of member and composition (including skills, knowledge and experience) of the Board and to propose changes in the Board to adapt to the strategy of the Company; (ii) to look for candidates with adequate qualification for director, select and nominate such candidates to the Board and advise thereon; (iii) to make proposals to the Board on the appointment or re-appointment of Directors and successors of Director (in particular chairman and CEO); (iv) to evaluate independence of independent non-executive Directors; and (v) in the event that the Board intends to propose resolution in relation to appointment of a particular person as independent non-executive Director at a general meeting, the circular and/or explanatory letter to shareholders attached to the notice convening the meeting shall state the reasons for the appointment of such person and for such person being deemed to be an independent party.

CORPORATE GOVERNANCE REPORT

In 2015, the Nomination Committee convened two meetings, during which the structure and composition of the Board were reviewed, and the candidates nominated for the position of Executive Directors were discussed. The attendances of members of the Nomination Committee at the Nomination Committee meeting were as follows:

ATTENDANCE	NO. OF MEETINGS ATTENDED	ATTENDANCE %
Dr. Wong Yau Kar, David (<i>Chairman</i>)	2	100
Mr. Chen Bo	2	100
Ms. Tam Wai Chu, Maria	2	100
Mr. Fong Chung, Mark	2	100
Mr. Ye Zhijun	2	100

Function of Corporate Governance

The Company sets its corporate governance policies pursuant to the Corporate Governance Code in Appendix 14 to the Listing Rules, and it accordingly reviews and monitors the training and continuous development in profession of Directors and senior management and its policies and practices in compliance with relevant laws and regulatory requirements.

In 2015, all Directors of the Company, namely, Mr. Chen Bo, Mr. Xiang Xiwen (Appointed on 14 December 2015), Mr. Zhu Zeng Qing (Resigned on 14 December 2015), Mr. Dai Liqi (Appointed on 14 December 2015), Mr. Zhu Jian Min (Resigned on 14 December 2015), Mr. Li Jianxin (Appointed on 14 December 2015), Mr. Tan Ke Fei (Resigned on 14 December 2015), Mr. Wang Guotao (Appointed on 14 December 2015), Mr. Zhou Feng (Resigned on 14 December 2015), Mr. Ye Zhijun, Ms. Tam Wai Chu, Maria, Mr. Fong Chung, Mark and Dr. Wong Yau Kar, David, participated in the training in respect of corporate governance practices through various ways.

Chairman of the Board and General Manager of the Company

Mr. Chen Bo is the Chairman of the Board of the Company. Mr. Ye Zhijun is the Managing Director of the Company. This segregation of duties ensures a clear distinction between the Chairperson's responsibility to manage the Board and the Managing Director's responsibility to manage the Company's business. Details of the responsibilities of the Board and the management of the Company are as follows:

Responsibilities of the Board:

- (1) determine the policy for the Company's corporate governance and perform duties under D.3.1 of the Code;
- (2) responsible for convening the general meeting;
- (3) execute the resolutions of the general meeting;
- (4) determine the development plans and operation plans of the Company;
- (5) prepare the Company's profit distribution plan and loss recovery plan;
- (6) prepare material acquisition or disposal plans of the Company, as well as the plans for merger, spin-off, change of corporate form and dissolution of the Company;
- (7) under the authorization of the general meeting, determine matters such as the Company's external investment, acquisition and disposal of assets, pledge of assets, disposal and repurchase of the Company's shares, and connected transactions, etc;
- (8) appoint or dismiss the general manager of the Company, and appoint or dismiss the company secretary according to the nomination of the general manager;
- (9) responsible for formulating the policies related to risk management, internal audit and internal control, and authorize the Audit Committee to represent the Board to monitor the progress of work of risk management, internal audit and internal control;
- (10) based on the recommendation of the Nomination Committee, determine the director candidates and submit to the general meeting for approval;
- (11) based on the recommendation of the Remuneration Committee, determine the remuneration of directors and senior management;
- (12) formulate the basic management system of the Company;
- (13) manage the information disclosure of the Company;
- (14) propose to the general meeting the appointment or change of the Company's auditor;
- (15) formulate the amendment plans of the Bye-laws, and submit to the general meeting for approval;
- (16) determine other material matters and administrative matters other than those required to be determined by the general meeting of the Company according to laws, regulations and the Bye-laws, as well as enter into other important agreements.

CORPORATE GOVERNANCE REPORT

Responsibilities of the Management:

- (1) responsible for the daily operation and management of the Company, the organization and implementation of resolutions of the Board and the reporting of works to the Board;
- (2) organize and implement the annual operation plan and investment plan of the Company;
- (3) formulate the internal management system of the Company;
- (4) prepare the Company's fundamental management system and submit to the Board for approval;
- (5) formulate the specific regulations of the Company;
- (6) propose the appointment or dismissal of the deputy general manager and financial officer of the Company; appoint or dismiss other management staff that are not appointed or removed by the Board;
- (7) determine the salaries, benefits, rewards and punishment for the staff of the Company, and determine the appointment and dismissal of the staff of the Company;
- (8) propose to convene extraordinary meetings of the Board;
- (9) thoroughly implement the risk management, internal audit and internal control policies, which were formulated by the Board and confirm with the Audit Committee the effectiveness of the policies of risk management and internal control system;
- (10) thoroughly implement environmental, social and governance policies and responsible for preparation of environmental, social and governance reports according to the regulatory requirements;
- (11) other responsibilities granted by the Bye-laws and the Board.

Compliance with the Corporate Governance Code

Save as disclosed in the "Report of the Directors" of the annual report, the Company has complied with the applicable provisions of the Corporate Governance Code contained in Appendix 14 of the Listing Rules of the Stock Exchange during the year ended 31 December 2015.

Directors' responsibility for the Financial Statements

Directors recognized their responsible for the preparation of financial statements for the year ended 31 December 2015 of the Company.

Save as disclosed in the Annual Report, the Directors are not aware of any material uncertainties relating to events or situations that may cast significant doubt upon the Company's ability to continue as a going concern.

The responsibility statement of the auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 40 to 41 of this Annual Report.

Purchase, Sale or Redemption of the Company's Listed Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during 2015.

Liability Insurance for Directors

Sinopec Corp. (the intermediate controlling shareholder which indirectly holds 60.33% of the Company) has taken out commercial insurance for all its Directors and all the Directors of all its listed subsidiaries (including the Company) in respect of the liability risks that the Directors bear in the performance of their duties.

Auditors' Remuneration

In 2015, the following fees were paid/payable by the Group to its auditor, PricewaterhouseCoopers and its network member of firms:

(in HK\$ millions)

	2015	2014
Audit services		
– the Company	2.24	2.11
– subsidiaries	2.52	1.10
Non-audit services	1.99	–
Total	6.75	3.21

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code of the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 December 2015.

Risks Management and Internal Control

The Board is responsible for the Group's system of internal control and its effectiveness. It has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, including updating the system of internal controls when there are changes to business environment or regulatory guidelines.

The Board has conducted a review on the effectiveness of the system of internal control of the Company for the financial year ended 31 December 2015 and it was satisfied that such system is effective and adequate for its purposes. The Board had, with the management, conducted a high-level risk assessment of its core business management procedures and risk management function for enhancing the internal control policies and procedures of the Company.

CORPORATE GOVERNANCE REPORT

The Company has established a risk control department and we have personnel responsible for matters related to risk control and internal audit. In 2015, the Company appointed Deloitte Touche Tohmatsu to conduct a systematic risk assessment for the Company and implemented appropriate risk management measures.

Company Secretary

Mr. Li Wen Ping and Mr. Lai Yang Chau, Eugene are the joint company secretaries of the Company. Mr. Li Wen Ping has extensive experience in the management of listed companies, and he participated in trainings related to the monitoring of listed companies in 2015. Mr. Lai Yang Chau, Eugene is a practising lawyer in Hong Kong and is responsible for assisting Mr. Li Wen Ping in completing the performance of the company secretary's duties.

Communications with Shareholders

The Company is committed to ensuring the Group's compliance with its disclosure obligations under the Listing Rules and other applicable laws and regulations. All shareholders and potential investors have equal opportunities to receive and obtain the public information released by the Company.

The Company welcomes shareholders to attend the general meeting to express their opinions and encourages all Directors to attend the general meeting to develop direct communications with shareholders. The external auditor is also required to attend the annual general meeting to assist the Directors in answering any pertinent questions from shareholders. The Company regularly disseminates to shareholders information such as annual and interim reports, circulars and announcements in accordance with the Listing Rules.

Updated information of the Group is available to institutional and retail investors via the website of HKEx (www.hkexnews.hk) or the website of the Company (www.sinopec.com.hk). All significant information such as announcements, annual and interim reports can be downloaded from the above websites.

Shareholders' Rights

(a) Procedures for Shareholders to convene a special general meeting ("SGM")

Pursuant to the Companies Act of Bermuda, the Board shall, on the requisition of members of the Company holding not less than one-tenth of the paid-up capital of the Company as at the date of the deposit of the requisition, forthwith proceed to convene a SGM. If within twenty-one days of such deposit the Board fails to proceed to convene the SGM, the requisitionists or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM, but any meeting so convened shall not be held after three months from the date of the original deposit.

(b) Procedures for putting forward Proposals at Shareholders' Meetings

Pursuant to the Companies Act of Bermuda, shareholders can submit a written requisition to change a resolution at the general meeting. The number of shareholders necessary for a requisition shall represent not less than one-twentieth of the total voting rights at the general meeting, or a number no less than one hundred shareholders.

The written requisition must state the resolution, accompanied by a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at the general meeting. It must also be signed by all of the concerned shareholders and be deposited at the registered office of the Company in Bermuda at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda for the attention of the joint company secretaries not less than six weeks before the general meeting in case of a requisition requiring notice of a resolution and not less than one week before the general meeting in case of any other requisition.

The concerned shareholders must deposit a sum of money reasonably sufficient to meet the Company's expenses in serving the notice of the resolution and circulating the statement submitted by the concerned shareholders under applicable laws and rules.

(c) Shareholders' Enquiries

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong Branch Share Registrar, and they may at any time make a request for the Company's information to the extent that such information is publicly available. Shareholders may also make enquiries to the Board by writing to the Joint company secretaries at the Company's office in Hong Kong at 34/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong.

During 2015, the Company has not made any changes to its Bye-Laws. An up to date version of the Bye-Laws is available on the Company's website and the SEHK's website. Shareholders may refer to the Bye-Laws for further details of their rights.

Changes in constitutional documents

There was no significant change in the Company's constitutional documents during the year ended 31 December 2015.

INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF SINOPEC KANTONS HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Sinopec Kantons Holdings Limited (the “**Company**”) and its subsidiaries set out on pages 42 to 114, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

AUDITOR'S RESPONSIBILITY (CONTINUED)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 March 2016

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Note	2015 HK\$' 000	2014 HK\$' 000 (RESTATED) (NOTE 32)
Revenue	5, 6	2,043,630	20,669,579
Cost of sales	8	(1,204,618)	(19,753,548)
Gross profit		839,012	916,031
Other income and other gains, net	7	55,478	72,973
Distribution costs	8	(25,598)	(26,379)
Administrative expenses	8	(138,519)	(149,727)
Operating profit		730,373	812,898
Finance income	10	14,649	21,470
Finance expenses	10	(198,140)	(219,469)
Finance expenses, net		(183,491)	(197,999)
Share of results of:			
– Associated companies	12	117,865	103,506
– Joint ventures	13	553,901	489,948
		671,766	593,454
Profit before income tax		1,218,648	1,208,353
Income tax expenses	14	(191,730)	(190,270)
Profit for the year		1,026,918	1,018,083
Profit attributable to:			
Equity holders of the Company		1,026,852	1,018,364
Non-controlling interest		66	(281)
		1,026,918	1,018,083
Basic and diluted earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share)	15	41.30	40.96

The notes on pages 49 to 114 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 HK\$' 000	2014 HK\$' 000 (RESTATED) (NOTE 32)
Profit for the year	1,026,918	1,018,083
Other comprehensive income for the year:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on currency translation		
– Subsidiaries	(226,074)	(37,835)
– Associated companies	(39,624)	(2,000)
– Joint ventures	(385,595)	(191,211)
Other comprehensive income for the year, net of tax	(651,293)	(231,046)
Total comprehensive income for the year	375,625	787,037
Total comprehensive income attributable to:		
Equity holders of the Company	375,559	787,318
Non-controlling interest	66	(281)
Total comprehensive income for the year	375,625	787,037

The notes on pages 49 to 114 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	NOTE	2015 HK\$' 000	2014 HK\$' 000 (RESTATED) (NOTE 32)
ASSETS			
Non-current assets			
Property, plant and equipment	17	7,575,508	8,302,004
Investment properties	18	68,062	29,389
Prepaid land lease payments	16	708,797	747,153
Prepayment and other receivables		137,356	109,393
Interests in associated companies	12	678,586	686,650
Interests in joint ventures	13	6,378,616	6,124,978
Total non-current assets		15,546,925	15,999,567
Current assets			
Inventories	20	21,261	23,850
Trade and other receivables	19	988,236	1,430,135
Cash and cash equivalents	21	1,057,732	798,867
Total current assets		2,067,229	2,252,852
Total assets		17,614,154	18,252,419
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	22	248,616	248,616
Reserves		9,124,813	12,216,719
Equity attributable to equity holders of the Company		9,373,429	12,465,335
Non-controlling interest		38,665	38,599
Total equity		9,412,094	12,503,934

The notes on pages 49 to 114 are an integral part of these consolidated financial statements.

As at 31 December 2015

	NOTE	2015 HK\$' 000	2014 HK\$' 000 (RESTATED) (NOTE 32)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	28	95,695	103,340
Borrowings	27	3,938,982	4,183,199
Government grant		4,667	4,956
Total non-current liabilities		4,039,344	4,291,495
Current liabilities			
Trade and other payables	26	4,139,948	1,451,010
Income tax payable		22,768	5,980
Total current liabilities		4,162,716	1,456,990
Total liabilities		8,202,060	5,748,485
Total equity and liabilities		17,614,154	18,252,419
Net current (liabilities)/assets		(2,095,487)	795,862
Total assets less current liabilities		13,451,438	16,795,429

The financial statements on pages 42 to 114 were approved by the Board on 22 March 2016 and were signed on its behalf

Chen Bo
Chairman

Ye Zhijun
Managing Director

The notes on pages 49 to 114 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	NOTE	SHARE CAPITAL HK\$' 000	SHARE PREMIUM HK\$' 000	SPECIFIC RESERVE HK\$' 000	MERGER RESERVE HK\$' 000	GENERAL RESERVES HK\$' 000	EXCHANGE RESERVE HK\$' 000	RETAINED EARNINGS HK\$' 000	SUBTOTAL HK\$' 000	NON- CONTROLLING INTEREST HK\$' 000	TOTAL EQUITY HK\$' 000
Balance at 31 December 2013, as previously reported		248,616	6,300,684	113	23,444	228,549	811,015	2,234,170	9,846,591	9,630	9,856,221
Business combinations under common control		-	-	-	2,000,390	-	130,374	-	2,130,764	-	2,130,764
Balance at 1 January 2014, as restated		248,616	6,300,684	113	2,023,834	228,549	941,389	2,234,170	11,977,355	9,630	11,986,985
Comprehensive income:											
Profit for the year		-	-	-	-	-	-	1,018,364	1,018,364	(281)	1,018,083
Other comprehensive income											
Exchange differences on currency translation:											
- Subsidiaries		-	-	-	-	-	(37,835)	-	(37,835)	-	(37,835)
- Associated companies		-	-	-	-	-	(2,000)	-	(2,000)	-	(2,000)
- Joint ventures		-	-	-	-	-	(191,211)	-	(191,211)	-	(191,211)
Other comprehensive income for the year, net of tax		-	-	-	-	-	(231,046)	-	(231,046)	-	(231,046)
Total		248,616	6,300,684	113	2,023,834	228,549	710,343	3,252,534	12,764,673	9,349	12,774,022
Transaction with owners											
Business combinations under common control		-	-	-	128,463	-	-	-	128,463	-	128,463
Dividend paid to a former owner of a subsidiary under common control		-	-	-	-	-	-	(315,923)	(315,923)	-	(315,923)
Appropriation of reserves		-	-	54,761	-	17,962	-	(72,723)	-	-	-
Capital contributions from non-controlling interests		-	-	-	-	-	-	-	-	29,250	29,250
Utilisation of specific reserve for the year	23	-	-	(54,723)	-	-	-	54,723	-	-	-
Dividends	24	-	-	-	-	-	-	(111,878)	(111,878)	-	(111,878)
Total transaction with owners		-	-	38	128,463	17,962	-	(445,801)	(299,338)	29,250	(270,088)
Balance at 31 December 2014		248,616	6,300,684	151	2,152,297	246,511	710,343	2,806,733	12,465,335	38,599	12,503,934

The notes on pages 49 to 114 are an integral part of these consolidated financial statements.

For the year ended 31 December 2015

	NOTE	SHARE CAPITAL HK\$' 000	SHARE PREMIUM HK\$' 000	SPECIFIC RESERVE HK\$' 000	MERGER RESERVE HK\$' 000	GENERAL RESERVES HK\$' 000	EXCHANGE RESERVE HK\$' 000	RETAINED EARNINGS HK\$' 000	SUBTOTAL HK\$' 000	NON- CONTROLLING INTEREST HK\$' 000	TOTAL EQUITY HK\$' 000
Balance at 31 December 2014, as previously reported		248,616	6,300,684	151	23,444	244,124	614,831	2,806,733	10,238,583	38,599	10,277,182
Business combinations under common control		-	-	-	2,128,853	2,387	95,512	-	2,226,752	-	2,226,752
Balance at 1 January 2015, as restated		248,616	6,300,684	151	2,152,297	246,511	710,343	2,806,733	12,465,335	38,599	12,503,934
Comprehensive income:											
Profit for the year		-	-	-	-	-	-	1,026,852	1,026,852	66	1,026,918
Other comprehensive income											
Exchange differences on currency translation:											
- Subsidiaries		-	-	-	-	-	(226,074)	-	(226,074)	-	(226,074)
- Associated companies		-	-	-	-	-	(39,624)	-	(39,624)	-	(39,624)
- Joint ventures		-	-	-	-	-	(385,595)	-	(385,595)	-	(385,595)
Other comprehensive income for the year, net of tax		-	-	-	-	-	(651,293)	-	(651,293)	-	(651,293)
Total		248,616	6,300,684	151	2,152,297	246,511	59,050	3,833,585	12,840,894	38,665	12,879,559
Transaction with owners											
Business combinations under common control		-	-	-	(3,114,623)	-	-	-	(3,114,623)	-	(3,114,623)
Dividend paid to a former owner of a subsidiary under common control		-	-	-	-	-	-	(228,534)	(228,534)	-	(228,534)
Appropriation of reserves		-	-	34,197	-	40,997	-	(75,194)	-	-	-
Utilisation of specific reserve for the year	23	-	-	(34,238)	-	-	-	34,238	-	-	-
Dividends	24	-	-	-	-	-	-	(124,308)	(124,308)	-	(124,308)
Total transaction with owners		-	-	(41)	(3,114,623)	40,997	-	(393,798)	(3,467,465)	-	(3,467,465)
Balance at 31 December 2015		248,616	6,300,684	110	(962,326)	287,508	59,050	3,439,787	9,373,429	38,665	9,412,094

The notes on pages 49 to 114 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Note	2015 HK\$' 000	2014 HK\$' 000 (RESTATED)
Cash flows from operating activities			
Cash generated from operations	25	1,651,306	1,286,201
Hong Kong income tax paid		(2,115)	–
People's Republic of China (the "PRC") enterprise income tax paid		(174,045)	(172,926)
Net cash generated from operating activities		1,475,146	1,113,275
Cash flows from investing activities			
Purchase of property, plant and equipment		(313,207)	(901,959)
Payment of land lease		(8,760)	(476,820)
Loans granted to an associated company		(6,487)	(20,601)
Loans granted to joint ventures		(251,434)	(353,142)
Dividend received from an associated company	12	95,540	54,687
Dividend received from joint ventures		237,401	75,444
Consideration paid to acquire equity interests in joint ventures		–	(96,403)
Rebate from a joint venture	13	8,190	–
Bank interest income received	10	14,649	21,470
Proceeds from disposal of property, plant and equipment		403	594
(Decrease)/Increase in amount due from a fellow subsidiary		(404,002)	279,341
Net cash used in investing activities		(627,707)	(1,417,389)
Cash flows from financing activities			
Capital contribution from non-controlling interest		–	29,250
Dividends paid to owners of the Company		(124,308)	(111,878)
Dividends paid to former owners of a subsidiary under common control		(228,534)	(315,923)
Finance expense paid	10	(198,140)	(219,469)
Government grant received		–	94,676
Net cash used in financing activities		(550,982)	(523,344)
Net increase/(decrease) in cash and cash equivalents		296,457	(827,458)
Cash and cash equivalents at 1 January	21	798,867	1,626,416
Effect of foreign exchange rate changes		(37,592)	(91)
Cash and cash equivalents at 31 December	21	1,057,732	798,867

The notes on pages 49 to 114 are an integral part of these consolidated financial statements.

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

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

In the opinion of the directors, the immediate holding company of the Company is Sinopec Kantons International Limited and the ultimate holding company is China Petrochemical Corporation (“**Sinopec Group**”).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

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

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

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

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of Preparation (Continued)

2.1.1 Going Concern

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

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

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

2.1.2 Changes in Accounting Policy and Disclosures

(a) Amended standards and amendments adopted by the Group

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

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

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

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

HKAS 19 (2011) (amendment)	Defined benefit plans: employee contributions
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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of Preparation (Continued)

2.1.2 Changes in Accounting Policy and Disclosures (Continued)

- (c) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Merger accounting for common control combinations

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party, as prescribed in Accounting Guideline 5 (“AG 5”), Merger Accounting for Common Control Combinations, issued by the HKICPA.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties’ perspective. No amount is recognised in consideration for goodwill or excess of acquirers’ interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party’s interest.

The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation.

Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

(ii) Acquisition method of accounting for non-common control combinations

Apart from the business combination under common control which has been accounted for using the principles of merger accounting prescribed in AG 5 (Note 2.2(i)), the Group uses the acquisition method of accounting to account for business combinations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (Continued)

(ii) Acquisition method of accounting for non-common control combinations (Continued)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statements.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Associated Companies

Associated companies are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in associated companies is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statements, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in associated companies equals or exceeds its interest in the associated companies, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated companies.

The Group determines at each reporting date whether there is any objective evidence that the investment in associated companies is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associated companies and its carrying value and recognises the amount adjacent to 'share of results of associated companies' in the income statements.

Profits and losses resulting from upstream and downstream transactions between the Group and its associated companies are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associated companies. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interests in associated companies are recognised in the income statements.

2.4 Joint Arrangements

The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Joint Arrangements (Continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount adjacent to 'shares of results of joint ventures' in the income statement.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.5 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

2.6 Foreign Currency Translation

(a) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

(b) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statements.

Foreign exchange gains and losses are presented in the income statement within 'Other income and other gains, net'.

(c) Group Companies

The accounts of foreign operations (i.e. subsidiaries, associated companies, and joint ventures whose activities are based or conducted in a country or currency other than those of the Company) are translated into Hong Kong dollars using the year end rates of exchange for the statement of financial position items and the average rates of exchange for the year for the income statement items. Exchange differences are recognised in other comprehensive income and accumulated under the heading of exchange reserve.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Building	20 years
- Natural gas pipelines	10-30 years
- Leasehold improvement	10 years
- Jetty structures	20-25 years
- Jetty facilities	12-20 years
- Plant and machinery	5-20 years
- Furniture, fixtures and equipment	5-30 years
- Motor vehicles and vessels	5-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income and other gains – net' in the income statements.

All direct and indirect costs relating to the construction of property, plant and equipment are classified as construction in progress. No depreciation is provided on construction in progress until such times as the relevant assets are completed and available for intended use.

2.8 Investment Properties

Investment properties, comprising buildings are held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. The Group accounts for its investment properties under the cost method and investment properties are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated on the straight-line basis so as to amortise the cost of each investment property over its estimated useful life of 40 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.10 Impairment of Non-Financial Assets

Assets that have an indefinite useful life-for example, goodwill-are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Financial Assets

The Group classifies its financial assets in loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial Assets (Continued)

Regular way purchases and sales of financial assets are recognised on the trade-date—the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.12 Impairment of Financial Assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statements. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average cost method. It comprises all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.14 Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

2.15 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand and deposits held at banks.

2.16 Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Trade and Other Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.19 Current and Deferred Income Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statements, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries, joint ventures and associated companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred Income Tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Current and Deferred Income Tax (Continued)

(b) Deferred Income Tax (Continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associated companies and joint ventures, except for deferred income tax it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associated companies. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets in respect of tax losses attributable to certain joint ventures and associated companies, as the directors consider it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

2.20 Employee Benefits

Retirement Benefit Schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme in Hong Kong. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the income statements as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group’s subsidiaries which operate in the PRC are required to participate in a central retirement benefit scheme operated by the local municipal or provincial government. These PRC subsidiaries are required to contribute a percentage of their payroll costs to the central retirement benefit scheme. The Group has no further payment obligations once the contributions have been paid.

The Group pays contributions to pension plans on a mandatory, contractual or voluntary basis in Indonesia. However, since Labour Law No. 13 of 2003 requires an entity to pay to a worker entering into pension age a certain amount based on, the worker’s length of service, the Group is exposed to the possibility of having to make further payments to reach that certain amount in particular when the cumulative contributions are less than that amount. Consequently for financial reporting purposes, defined contribution plans are effectively treated as if they were defined benefit plans.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.22 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sale of Goods

Revenue is recognised when goods are delivered to the port agreed on the sales contract which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax ("VAT") and is after deduction of any trade discounts.

(b) Crude oil Jetty Service Income

Crude oil jetty service income is recognised when the services are rendered. Revenue excludes VAT.

(c) Vessel Chartering Service Income

Vessel chartering service income is recognised on a percentage of completion basis, which is determined on the straight-line basis over the period of each individual vessel voyage. Revenue excludes VAT.

(d) Natural Gas Transmission Service Income

Natural gas transmission service income is recognized upon transmitted. Revenue excludes VAT.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Revenue Recognition (Continued)

(e) Rental Income From Operating Leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

2.23 Interest Income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

2.24 Dividend Income

Dividend income is recognised when the right to receive payment is established.

2.25 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statements on a straight-line basis over the period of the lease.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset.

Lease income on operating leases is recognised over the term of the lease on a straight-line basis.

2.26 Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.27 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

NOTES TO THE FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign Exchange Risk

Sales and purchases arising from the Group's trading business are mainly denominated in United States dollars ("US\$"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group currently does not have any foreign currency hedging activities.

As at 31 December 2015, if Hong Kong dollar had weakened/strengthened by 3% against the RMB and SGD with all other variable held constant, profit before income tax for the year would have been HK\$68,491,000 higher/lower (2014: HK\$7,228,000 higher/lower).

(b) Credit Risk

The Group's credit risk is primarily attributable to trade and other receivables and bank deposits. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account the information specific to the customer as well as pertaining to the economic environment to which the customer operates. These receivables are due within 30 to 90 days from the date of billing. Debtors with balances that are more than three months overdue are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 93% (2014: 98%) of the total trade and other receivables was due from the Group's largest customer.

In respect of bank deposits, the credit risk is limited because the counter parties are banks with high credit ratings assigned by international credit-rating agencies or state-owned banks in the PRC.

The Group does not provide any guarantees which would expose the Group or the Company to credit risk. At 31 December 2015, there was no exposure to credit risk arising from such guarantees as all outstanding loans have been settled.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial Risk Factors (Continued)

(c) Liquidity Risk

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group's Treasury Department. Treasury Department invests surplus cash in time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room. At the reporting date, the Group held cash and cash equivalents of HK\$1,057,732,000 (2014: HK\$798,867,000) (Note 21) and trade and other receivables of HK\$988,236,000 (2014: HK\$1,430,135,000) (Note 19) that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyses the Group's and the Company's non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	WITHIN 1 YEAR OR ON DEMAND HK\$'000	BETWEEN 1 AND 5 YEARS HK\$'000
At 31 December 2015		
Trade payables – others	64,925	–
Other payables	3,252,158	–
Amounts due to immediate, intermediate holding companies and fellow subsidiaries	822,865	–
Borrowings (non-current)	196,910	4,332,802
At 31 December 2014		
Trade payables – others	739,259	–
Other payables	227,410	–
Amounts due to immediate, intermediate holding companies and fellow subsidiaries	484,341	–
Borrowings (non-current)	200,710	4,785,329

(d) Interest rate risk

The Group's interest-rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk due to fluctuation of the prevailing market interest rate. The Group's income and operating cash flows are substantially dependent of changes in market interest rates.

As at 31 December 2015, if the interest rate had increased/decreased 100 basis points with all other variables held constant, the Group's profit before income tax would have decreased/increased by HK\$48,352,000 (2014: HK\$42,162,000).

NOTES TO THE FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital Management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of consolidated current ratio, consolidated gearing ratio and net debt-to-capital ratio. The current ratio is calculated as current assets divided by current liabilities. The gearing ratio is calculated as total liabilities divided by total assets. For this purpose, net debt is defined as the sum of interest-bearing borrowings, trade and other payables, less cash and cash equivalents. Capital comprises all components of equity.

As at 31 December 2015, the Group's current ratio is 0.50 (2014: 1.55) gearing ratio is 46.57% (as at 2014: 31.49%)

During 2015, the Group's strategy was to maintain the adjusted net debt-to-capital ratio at less than 35%. The Group also considers the cost of capital and the risks associate with each class of capital structure is reviewed annually.

	NOTE	2015 HK\$' 000	2014 HK\$' 000
Current liabilities			
Trade and other payables	26	4,139,948	1,451,010
Less: Cash and cash equivalents	21	(1,057,732)	(798,867)
Net debt		3,082,216	652,143
Total equity		9,412,094	12,503,934
Net debt-to-capital ratio		33%	5%

The increase in net debt-to-capital ratio during 2015 resulted primarily from the recognition of payable of consideration of the entire equity interest in Yu Ji Pipeline Company.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Critical Accounting Estimates and Assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of Long Lived Assets

If circumstances indicate that the carrying amounts of a long lived asset may not be recoverable, the asset may be considered "impaired" and an impairment loss may be recognised in accordance with HKAS 36, Impairment of assets. The carrying amounts of long lived assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. For goodwill, the recoverable amount is estimated annually. The recoverable amount is the greater of the fair value less costs to sell and the value in use. It is difficult to precisely estimate fair values because quoted market prices for the Group's assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sales volume, selling prices and the amount of operating costs. Management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, selling prices and the amount of operating costs.

(b) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. Management reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates. Any revision of useful lives of the Group's fixed assets may have a significant impact to the Group's operating results.

(c) Withholding Tax

The Group is subject to withholding taxes in the respective countries. Significant judgement is required in determining the provision for deferred taxes. There are many transactions and calculations for which the ultimate tax determined is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the withholding tax and deferred income tax provision in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

5 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by its business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified four reportable segments, namely trading of crude oil, rendering of crude oil jetty services, rendering of vessel chartering services and rendering of natural gas pipeline transmission services. No operating segments have been aggregated to form the reportable segments.

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

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

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

(a) Segment Results, Assets and Liabilities

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

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

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

5 SEGMENT REPORTING (CONTINUED)

(a) Segment Results, Assets and Liabilities (Continued)

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

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

Year ended 31 December 2015

	TRADING OF CRUDE OIL (NOTE) HK\$' 000	CRUDE OIL JETTY SERVICES HK\$' 000	VESSEL CHARTERING SERVICES HK\$' 000	NATURAL GAS PIPELINE TRANSMISSION SERVICES HK\$' 000	INTER- SEGMENT ELIMINATION HK\$' 000	TOTAL HK\$' 000
Segment revenue and results						
Segment revenue	-	613,975	224,588	1,205,067	-	2,043,630
Inter-segment revenue	-	-	-	-	-	-
Revenue	-	613,975	224,588	1,205,067	-	2,043,630
Segment results	-	232,094	42,682	338,627	-	613,403
Share of results of associated companies						117,865
Share of results of joint ventures						553,901
Unallocated other corporate income						(66,521)
Profit before income tax						1,218,648
Income tax expenses						(191,730)
Profit for the year						1,026,918
Other segment items						
Bank interest income	-	327	13,270	1,005	-	14,602
Depreciation and amortisation	-	(178,386)	(1,421)	(370,674)	-	(550,481)
Capital expenditures	-	176,523	22	136,662	-	313,207

NOTES TO THE FINANCIAL STATEMENTS

5 SEGMENT REPORTING (CONTINUED)

(a) Segment Results, Assets and Liabilities (Continued)

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

As at 31 December 2015

	TRADING OF CRUDE OIL (NOTE) HK\$' 000	CRUDE OIL JETTY SERVICES HK\$' 000	VESSEL CHARTERING SERVICES HK\$' 000	NATURAL GAS PIPELINE TRANSMISSION SERVICES HK\$' 000	INTER- SEGMENT ELIMINATION HK\$' 000	TOTAL HK\$' 000
Assets						
Segment assets	-	2,161,261	127,449	6,504,148	-	8,792,858
Unallocated assets						
- Cash and cash equivalents						1,057,732
- Trade and other receivables						1,151
- Investment properties						68,062
- Interests in associated companies						678,586
- Interests in joint ventures						6,378,616
- Prepaid land lease payments						637,149
Total assets						17,614,154
Liabilities						
Segment liabilities	-	112,693	3,144,082	4,206,716	-	7,463,491
Unallocated liabilities						
- Trade and other payables						642,874
- Deferred income tax liabilities						95,695
Total liabilities						8,202,060

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

5 SEGMENT REPORTING (CONTINUED)

(a) Segment Results, Assets and Liabilities (Continued)

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

Year ended 31 December 2014

	TRADING OF CRUDE OIL HK\$' 000	CRUDE OIL JETTY SERVICES HK\$' 000	VESSEL CHARTERING SERVICES HK\$' 000	NATURAL GAS PIPELINE TRANSMISSION SERVICES HK\$' 000 (RESTATED)	INTER- SEGMENT ELIMINATION HK\$' 000	TOTAL HK\$' 000 (RESTATED) (NOTE 32)
Segment revenue and results						
Segment revenue	18,307,184	626,725	292,522	1,445,945	(2,797)	20,669,579
Inter-segment revenue	-	(2,797)	-	-	2,797	-
Revenue	18,307,184	623,928	292,522	1,445,945	-	20,669,579
Segment results	(23,904)	235,424	(32,953)	424,413	-	602,980
Share of results of associated companies						103,506
Share of results of joint ventures						489,948
Unallocated other corporate income						11,919
Profit before income tax						1,208,353
Income tax expenses						(190,270)
Profit for the year						1,018,083
Other segment items						
Bank interest income	-	460	-	78	-	538
Depreciation and amortisation	(716)	(178,284)	(715)	(371,334)	-	(551,049)
Capital expenditures	18	218,637	19	683,285	-	901,959

NOTES TO THE FINANCIAL STATEMENTS

5 SEGMENT REPORTING (CONTINUED)

(a) Segment Results, Assets and Liabilities (Continued)

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

As at 31 December 2014

	TRADING OF CRUDE OIL HK\$' 000	CRUDE OIL JETTY SERVICES HK\$' 000	VESSEL CHARTERING SERVICES HK\$' 000	NATURAL GAS PIPELINE TRANSMISSION SERVICES HK\$' 000 (RESTATED)	INTER- SEGMENT ELIMINATION HK\$' 000	TOTAL HK\$' 000 (RESTATED) (NOTE 32)
Assets						
Segment assets	357,613	2,536,094	366,808	6,691,994	-	9,952,509
Unallocated assets						
- Cash and cash equivalents						798,867
- Investment properties						29,389
- Interests in associated companies						686,650
- Interests in joint ventures						6,124,978
- Prepaid land lease payments						660,026
Total assets						18,252,419
Liabilities						
Segment liabilities	350,303	162,638	350,303	4,468,551	-	5,331,795
Unallocated liabilities						
- Trade and other payables						313,350
- Deferred income tax liabilities						103,340
Total liabilities						5,748,485

5 SEGMENT REPORTING (CONTINUED)

(b) Analysis of Information by Geographical Regions

Revenue

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

Non-current Assets

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

Total Assets

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

NOTES TO THE FINANCIAL STATEMENTS

5 SEGMENT REPORTING (CONTINUED)

(c) Major Customers

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

(d) Capital Expenditures

	2015 HK\$' 000	2014 HK\$' 000 (RESTATED)
Hong Kong	22	37
The PRC	313,185	901,922
	313,207	901,959

6 REVENUE

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

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

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

7 OTHER INCOME AND OTHER GAINS, NET

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

NOTES TO THE FINANCIAL STATEMENTS

8 EXPENSES BY NATURE

	2015 HK\$' 000	2014 HK\$' 000 (RESTATED)
Cost of inventories sold		
– Trading of crude oil	–	18,300,182
– Vessel chartering services	53,553	126,634
Depreciation		
– Properties, plant and equipment (Note 17)	535,395	539,358
– Investment properties (Note 18)	4,054	1,351
Amortisation of prepaid land lease payments	14,311	11,691
Employee benefit expenses (including directors' remuneration) (Note 9)	148,265	135,435
Auditor's remuneration		
– the Company	2,237	2,110
– subsidiaries	2,743	1,309
Expenses relating to investment properties	938	271
Operating lease charges: minimum lease payments		
– hire of other assets (including property rentals)	116,594	112,811
– hire of vessels	76,743	136,692

9 EMPLOYEE BENEFIT EXPENSES

	2015 HK\$' 000	2014 HK\$' 000 (RESTATED)
Wages, salaries and other benefits	139,521	126,010
Retirement benefit scheme contributions	8,744	9,425
	148,265	135,435

The Group operates a Mandatory Provident Fund Scheme (the “**MPF scheme**”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of a monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

The Company's PRC subsidiaries, Huade Petrochemical Company Limited (“**Huade Petrochemical**”) and Yu Ji Pipeline Company, participates in a defined contribution retirement scheme organised by the local government. Huade Petrochemical is required to make contributions to the pension fund scheme at a certain percentage of the employees' relevant basic salaries. Contributions to the scheme vest immediately.

9 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

The Company's Indonesia's subsidiary, PT West Point Terminal ("PT West"), participates in a defined contribution retirement scheme organised by the local government. PT West is required to make severance pay at a certain amount of the employees' relevant basic salaries. Contributions to the scheme vest immediately.

As at 31 December 2015, there was no material outstanding contribution to employee retirement benefits. The Group does not have any other obligations other than the contributions described above.

(a) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2014: one) director whose emoluments are reflected in the analysis presented in Note 31. The emoluments payable to the four (2014: four) individuals during the year are as follows:

	2015 HK\$' 000	2014 HK\$' 000
Salaries and other benefits in kind	5,398	4,940
Bonuses	4,778	4,919
	10,176	9,859

	NUMBER OF INDIVIDUALS	
	2015	2014
Emolument bands		
HK\$ 2,000,001 – HK\$ 3,000,000	4	4

10 FINANCE EXPENSES, NET

	2015 HK\$' 000	2014 HK\$' 000 (RESTATED)
Interest income:		
– bank deposits	14,649	21,470
Interest expenses:		
– bank and other borrowings	(198,140)	(219,469)

NOTES TO THE FINANCIAL STATEMENTS

11 SUBSIDIARIES

The following is a list of subsidiaries as at 31 December 2015 and 2014:

	PLACE OF INCORPORATION/ ESTABLISHMENT AND KIND OF LEGAL ENTITY	PRINCIPAL ACTIVITIES	PARTICULARS OF ISSUED AND PAID UP CAPITAL/REGISTERED CAPITAL	PROPORTION OF ORDINARY SHARES AND VOTING POWERS AT 31 DECEMBER			
				% HELD BY THE GROUP IN 2015	% HELD BY THE GROUP IN 2014 (RESTATED)	% HELD BY NONCONTROLLING INTERESTS IN 2015	% HELD BY NONCONTROLLING INTERESTS IN 2014 (RESTATED)
Directly held							
Sinomart KTS Development Limited ("Sinomart Development") (經貿冠德發展有限公司)	Hong Kong Limited liability company	Trading of crude oil and rendering vessel chartering services	185,250,050 ordinary shares of HK\$1 each and 10,000 non-voting deferred shares of HK\$1 each (Note (iii))	100%	100%	-	-
Kantons International Investment Limited ("KII") (冠德國際投資有限公司)	British Virgin Islands Limited liability company	Investment holding	3,000,000 ordinary shares of US\$1 each	100%	100%	-	-
Indirectly held							
Huade Petrochemical (Note (i)) (華德石化有限公司)	The PRC, wholly foreign owned enterprise Limited liability company	Operating crude oil jetty and ancillary facilities	Registered capital US\$93,758,200	100%	100%	-	-
PT West (Note (ii))	Jakarta, Indonesia Limited liability company	Provision of oil supporting services	100,000,000 shares of US\$1 each	95%	95%	5%	5%
Yu Ji Pipeline Company (Note (iv)) (輸油管道有限責任公司)	The PRC, wholly foreign owned enterprise Limited liability company	Natural gas pipeline transmission services	Registered capital RMB1,000,000,000	100%	100%	-	-

Notes:

- (i) Huade Petrochemical holds jetty operating rights with a term of 35 years expiring in 2029.
- (ii) The interest in PT West was acquired by the Group in March 2013.
- (iii) Holders of non-voting defined shares have no rights to dividends or to receive notice of or to attend or vote at any general meeting of Sinomart Development or to participate in any distribution on winding up.
- (iv) Acquisition of Yu Ji Pipeline Company was completed on 31 December 2015 and became an indirect wholly-owned subsidiary of the Group.

There is no material non-controlling interest during the year.

The English name of certain companies referred in this financial statements represent management's best effort at translating the Chinese names of these companies as no English names have been registered.

12 INTERESTS IN ASSOCIATED COMPANIES

	2015 HK\$' 000	2014 HK\$' 000
Cost of unlisted investments in associated companies	419,030	419,030
Share of post-acquisition results and other comprehensive income	422,158	304,293
Dividend received	(195,408)	(99,868)
Exchange differences	(22,338)	17,286
Share of net assets	623,442	640,741
Amounts due from an associated company	55,144	45,909
	678,586	686,650

The amounts due from an associated company are unsecured and interest bearing. As at 31 December 2015 and 2014, the amounts due from an associated company bears an interest of approximately 3.7% over 3 months LIBOR per annum and are wholly repayable within 20 years after the vessels construction project of the associated company is completed.

The following list contains only the particulars of associated companies, all of which are unlisted corporate entities:

NOTE	PRINCIPAL ACTIVITIES	PLACE OF INCORPORATION/ ESTABLISHMENT	PARTICULARS OF ISSUED AND PAID UP CAPITAL/ REGISTERED CAPITAL	PROPORTION OF ORDINARY SHARES AND VOTING POWERS AT 31 DECEMBER		
				% HELD BY THE GROUP IN 2015	% HELD BY THE GROUP IN 2014	
Indirectly held						
	Transportation of liquefied natural gas	Hong Kong	5,000,000 ordinary shares of US\$1 each	30%	30%	
	East China LNG Shipping Investment Co., Limited ("East China LNG") (中國東方液化天然氣運輸 投資有限公司)					
(a)	Provision of logistic service	The PRC	Registered capital RMB180,000,000	50%	50%	
	Zhan Jiang Port Petrochemical Jetty Co. ("Zhan Jiang Port Petrochemical Terminal") (湛江港石化碼頭有限公司)					

- (a) The directors have determined that they do not control Zhan Jiang Port Petrochemical Terminal, even though Sinomart Development owns 50% of the issued capital of this entity. Sinomart Development is not responsible to make decisions on operations and its financial policies, it mainly exercises significant influence to the investee instead of joint control.

NOTES TO THE FINANCIAL STATEMENTS

12 INTERESTS IN ASSOCIATED COMPANIES (CONTINUED)

Set out below are the summarised financial information for Zhan Jiang Port Petrochemical Terminal which is considered material to the Group's financial statements.

Summarised Balance Sheet

	ZHAN JIANG PORT PETROCHEMICAL TERMINAL	
	2015 HK\$' 000	2014 HK\$' 000
Current		
Cash and cash equivalents	44,699	52,574
Other current assets (excluding cash)	16,197	27,498
Total current assets	60,896	80,072
Financial liabilities (excluding trade payables)	(399,045)	(424,120)
Other current liabilities (including trade payables)	(66,750)	(69,178)
Total current liabilities	(465,795)	(493,298)
Non-current		
Assets	1,706,929	1,828,985
Financial liabilities	(85,073)	(157,678)
Total non-current assets	1,621,856	1,671,307
Net assets	1,216,957	1,258,081

12 INTERESTS IN ASSOCIATED COMPANIES (CONTINUED)

Summarised Statement of Comprehensive Income

	ZHAN JIANG PORT PETROCHEMICAL TERMINAL	
	2015 HK\$' 000	2014 HK\$' 000
Revenue	619,826	605,114
Depreciation and amortisation	(51,612)	(58,376)
Interest income	492	448
Interest expense	(15,903)	(27,803)
Other expenses	(248,194)	(242,631)
Profit or loss from continuing operations	304,609	276,752
Income tax expense	(75,404)	(69,740)
Post-tax profit	229,205	207,012
Other comprehensive income	(79,247)	(4,000)
Total comprehensive income	149,958	203,012
Dividends received from an associated company	95,540	54,687

The information above reflects the amounts presented in the financial statements of the associated company (and not the Group attributable share) adjusted for differences in accounting policies between the Group and the associated company.

NOTES TO THE FINANCIAL STATEMENTS

12 INTERESTS IN ASSOCIATED COMPANIES (CONTINUED)

Reconciliation of Summarised Financial Information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in an associated company.

	ZHAN JIANG PORT PETROCHEMICAL TERMINAL	
	2015 HK\$' 000	2014 HK\$' 000
Net assets	1,216,957	1,258,081
Interest in an associated company (%)	50%	50%
Group's share of net assets in an associated company	608,479	629,041
Carrying value	608,479	629,041

The Group has interests in an immaterial associated company. The following table analyses the share of profit and other comprehensive income and carrying amount of this associated company.

	2015 HK\$' 000	2014 HK\$' 000
Share of profit	3,263	-
Share of other comprehensive income	-	-
Share of total comprehensive income	3,263	-
Carrying amount of interest in the associated company	14,963	11,700

13 INTERESTS IN JOINT VENTURES

	2015 HK\$' 000	2014 HK\$' 000
Cost of unlisted investments in joint ventures	4,479,043	4,487,233
Share of post-acquisition results and other comprehensive income	1,560,574	1,006,673
Dividend received	(263,546)	(93,858)
Exchange differences	(388,200)	(2,605)
Share of net assets	5,387,871	5,397,443
Amounts due from joint ventures	990,745	727,535
	6,378,616	6,124,978

Certain amounts due from joint ventures are unsecured and interest bearing. As at 31 December 2015 and 2014, certain amounts due from joint ventures bear interest at 2.2% over 3 months LIBOR per annum and are wholly repayable within 20 years after the vessels construction project in the joint ventures are completed.

Details of the Group's interests in the joint ventures are as follows:

INDIRECTLY HELD	NOTE	PRINCIPAL ACTIVITIES	PLACE OF ESTABLISHMENT	PARTICULARS OF ISSUED AND PAID UP CAPITAL/REGISTERED CAPITAL	MEASUREMENT METHOD	PROPORTION OF ORDINARY SHARES AND VOTING POWERS AT 31 DECEMBER	
						% HELD BY THE GROUP IN 2015	% HELD BY THE GROUP IN 2014
Ningbo Shihua Crude Oil Terminal Company Limited (寧波實華原油碼頭有限公司)	(a)	Operation of crude oil jetty and its ancillary facilities	The PRC	Registered capital RMB80,000,000	Equity	50%	50%
Qingdao Shihua Crude Oil Terminal Company Limited ("Qingdao Shihua") (青島實華原油碼頭有限公司)	(a)	Operation of crude oil jetty and its ancillary facilities	The PRC	Registered capital RMB1,000,000,000	Equity	50%	50%
Tianjin Port Shihua Crude Oil Terminal Company Limited (天津港實華原油碼頭有限公司)	(a)	Operation of crude oil jetty and its ancillary facilities	The PRC	Registered capital RMB482,660,000	Equity	50%	50%

NOTES TO THE FINANCIAL STATEMENTS

13 INTERESTS IN JOINT VENTURES (CONTINUED)

Details of the Group's interests in the joint ventures are as follows: (Continued)

INDIRECTLY HELD	NOTE	PRINCIPAL ACTIVITIES	PLACE OF ESTABLISHMENT	PARTICULARS OF ISSUED AND PAID UP CAPITAL/REGISTERED CAPITAL	MEASUREMENT METHOD	PROPORTION OF ORDINARY SHARES AND VOTING POWERS AT 31 DECEMBER	
						% HELD BY THE GROUP IN 2015	% HELD BY THE GROUP IN 2014
Rizhao Shihua Crude Oil Terminal Company Limited ("Rizhao Shihua") (日照實華原油碼頭有限公司)	(a)	Operation of crude oil jetty and its ancillary facilities	The PRC	Registered capital RMB1,080,000,000	Equity	50%	50%
Tangshan Caofeidian Shihua Crude Oil Terminal Company Limited ("Caofeidian Shihua") (唐山曹妃甸實華原油碼頭有限公司)	(a)	Operation of crude oil jetty and its ancillary facilities	The PRC	Registered capital RMB289,610,000	Equity	90%	90%
China Energy Shipping Investment Company Limited (中國能源運輸投資有限公司)	(b)	Vessel chartering services	Hong Kong	5,000,000 ordinary shares of US\$1 each	Equity	49%	49%
Fujairah Oil Terminal FZC ("FOT")	(c)	Provision of oil storage services	Fujairah	100,000 shares of US\$1 each	Equity	50%	50%
Vesta Terminal B.V. ("Vesta")	(d)	Transit, transhipment and storage of petrochemical products, oil shale derived products, and other cargo and provision of associated services	Netherlands	18,002 shares have been issued and fully paid	Equity	50%	50%

13 INTERESTS IN JOINT VENTURES (CONTINUED)

Notes:

- (a) The acquisition of the five joint ventures was completed in October 2012. The Directors believe the acquisition of the five joint ventures is consistent with the development strategy of the Group, and will bring long-term strategic benefits to the Group, including: Creation of one of Asia's largest oil terminal businesses and attractive growth profile driven from China's long-term projected energy consumption growth, increasing scale and strengthens competitive advantage of Group's core business, increasing profitability and stability of earnings and creation of a platform for future development of the Group.

The directors have also determined that they do not control Caofeidian Shihua, even though Sinomart Development owns 90% of the issued capital of this entity. It is not a controlled entity of Sinomart Development, because decisions for financial and operating activities can only be passed with a unanimous consent of all members in the Board. Therefore, Sinomart Development is not exposed, and has no right, to variable returns from the entity and is not able to use its power over the entity to affect those returns.

- (b) The Directors are of the opinion that the formation of the joint venture for participating in the LNG transportation under APLNG is beneficial for the Group to further expand its logistics business, and enhance the Group's profitability through sharing profit from the transportation link in the LNG business chain.

- (c) In January 2012, the Group entered into an acquisition agreement to acquire 50% of the equity interest of FOT from Concord Energy Oil Terminal (Hong Kong) Limited at a consideration of US\$25,050,000 (equivalent to approximately HK\$195,390,000). The acquisition was completed in January 2013. The directors of the Company has completed fair value assessment of identifiable assets of the investment and goodwill totalling HK\$55,844,000 was recognised in the interests in joint ventures.

The Directors consider that the acquisition of FOT is in line with the Group's business development strategy of providing oil storage facilities and related logistics services and expanding into new markets. In addition, upon commencement of operation of FOT, it will increase the overall profitability and stability of earnings of the Group.

- (d) In October 2012, the Group entered into an acquisition agreement to acquire 50% of the equity interest in Vesta from Mercuria Energy Group at consideration of Euro128,600,000 (equivalent to approximately HK\$1,377,682,000). The acquisition was completed in April 2013. The directors of the Company has completed fair value assessment of identifiable assets of the investment and goodwill totalling HK\$493,400,000 was recognised in the interests in joint ventures.

The Directors consider that the acquisition of Vesta provides the Group with a good opportunity to develop its experience in operating and managing overseas storage facilities and achieve rapid expansion in the European bulk liquid storage terminals business.

NOTES TO THE FINANCIAL STATEMENTS

13 INTERESTS IN JOINT VENTURES (CONTINUED)

Set out below are the summarised financial information for Vesta, Qingdao Shihua, Rizhao Shihua and Caofeidian Shihua which are accounted for using the equity method.

Summarised Balance Sheet

	VESTA		QINGDAO SHIHUA		RIZHAO SHIHUA		CAOFEIDIAN SHIHUA	
	2015 HK\$' 000	2014 HK\$' 000	2015 HK\$' 000	2014 HK\$' 000	2015 HK\$' 000	2014 HK\$' 000	2015 HK\$' 000	2014 HK\$' 000
Current								
Cash and cash equivalents	113,037	138,026	164,732	149,829	110,243	114,311	96,735	38,975
Other current assets (excluding cash)	54,620	42,518	22,990	76,635	9,798	14,975	256	808
Total current assets	167,657	180,544	187,722	226,464	120,041	129,286	96,991	39,783
Financial liabilities (excluding trade payables)	(231,720)	(103,130)	(552,574)	(449,045)	(14,054)	(109,996)	(7,648)	(108,435)
Other current liabilities (including trade payables)	(34,987)	(44,453)	(156,831)	(131,015)	(93,477)	(148,029)	(768)	(646)
Total current liabilities	(266,707)	(147,583)	(709,405)	(580,060)	(107,531)	(258,025)	(8,416)	(109,081)
Non-current								
Assets	1,804,412	2,198,024	3,722,514	3,592,973	2,043,884	2,161,317	621,067	698,402
Financial liabilities	(137,068)	(475,301)	-	-	(95,490)	(193,948)	-	-
Other liabilities	(11,386)	(12,757)	-	-	-	-	-	-
Total non-current net assets	1,655,958	1,709,966	3,722,514	3,592,973	1,948,394	1,967,369	621,067	698,402
Net assets	1,556,908	1,742,927	3,200,831	3,239,377	1,960,904	1,838,630	709,642	629,104

13 INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised Statement of Comprehensive Income

	VESTA		QINGDAO SHIHUA		RIZHAO SHIHUA		CAOFEIDIAN SHIHUA	
	2015 HK\$' 000	2014 HK\$' 000	2015 HK\$' 000	2014 HK\$' 000	2015 HK\$' 000	2014 HK\$' 000	2015 HK\$' 000	2014 HK\$' 000
Revenue	563,920	679,732	1,038,712	1,049,292	415,305	339,650	227,176	182,523
Depreciation and amortisation	(154,004)	(180,344)	(147,732)	(148,975)	(49,585)	(37,904)	(38,518)	(38,926)
Interest income	617	-	3,450	2,814	-	3,325	189	125
Interest expense	(15,543)	(23,852)	-	-	(12,583)	(10,137)	-	(2,167)
Other expense	(280,220)	(345,279)	(342,454)	(368,746)	(91,940)	(71,806)	(48,708)	(46,458)
Profit or loss from continuing operations	114,770	130,257	551,976	534,385	261,197	223,128	140,139	95,097
Income tax expense	(15,480)	(14,722)	(143,526)	(141,239)	(19,803)	(26,463)	(17,498)	(11,925)
Post-tax profit	99,290	115,535	408,450	393,146	241,394	196,665	122,641	83,172
Other comprehensive income	(285,309)	(363,494)	(204,660)	(8,074)	(119,120)	(4,647)	(42,103)	(1,365)
Total comprehensive income	(186,019)	(247,959)	203,790	385,072	122,274	192,018	80,538	81,807

The information above reflects the amounts presented in the financial statements of the joint ventures, adjusted for differences in accounting policies between the Group and the joint ventures (and not the Group attributable share)

NOTES TO THE FINANCIAL STATEMENTS

13 INTERESTS IN JOINT VENTURES (CONTINUED)

Reconciliation of Summarised Financial Information

Reconciliation of the summarised financial information presented to the carrying amount of its interests in the material joint ventures for the year ended 31 December.

	VESTA		QINGDAO SHIHUA		RIZHAO SHIHUA		CAOFEIDIAN SHIHUA	
	2015 HK\$' 000	2014 HK\$' 000	2015 HK\$' 000	2014 HK\$' 000	2015 HK\$' 000	2014 HK\$' 000	2015 HK\$' 000	2014 HK\$' 000
Opening net assets	1,742,927	2,006,348	3,239,377	2,854,305	1,838,630	1,646,612	629,104	547,297
Profit for the year	99,290	115,535	408,450	393,146	241,394	196,665	122,641	83,172
Other comprehensive income	-	-	-	-	-	-	-	-
Capital injection	-	-	-	-	-	-	-	-
Dividend paid	-	(15,462)	(242,336)	-	-	-	-	-
Exchange differences	(285,309)	(363,494)	(204,660)	(8,074)	(119,120)	(4,647)	(42,103)	(1,365)
Closing net assets	1,556,908	1,742,927	3,200,831	3,239,377	1,960,904	1,838,630	709,642	629,104
Interests in Joint Ventures (%)	50%	50%	50%	50%	50%	50%	90%	90%
Group's share of net assets								
in joint ventures	778,454	871,464	1,600,416	1,619,689	980,452	919,315	638,678	566,194
Goodwill	493,400	493,400	7,609	7,609	4,237	4,237	-	-
Carrying value	1,271,854	1,364,864	1,608,025	1,627,298	984,689	923,552	638,678	566,194

The Group has interests in a number of individually immaterial joint ventures. The following table analyses, in aggregate, the share of profit and other comprehensive income and carrying amount of these joint ventures.

	2015 HK\$' 000	2014 HK\$' 000
Share of profit	68,957	62,420
Share of other comprehensive income	(43,158)	(1,874)
Share of total comprehensive income	25,799	60,546
Carrying amount of interests in these joint ventures	884,625	915,535

13 INTERESTS IN JOINT VENTURES (CONTINUED)

Commitments and Contingent Liabilities in Respect of Joint Ventures

The Group has the following commitments relating to its joint ventures as at 31 December 2015 and 2014:

	2015 HK\$' 000	2014 HK\$' 000
Share of joint ventures' capital commitments		
– Contracted for	1,577,553	2,597,155

There were no contingent liabilities relating to the Group's interests in the joint ventures at 31 December 2015 and 2014.

14 INCOME TAX EXPENSES

	NOTE	2015 HK\$' 000	2014 HK\$' 000 (RESTATED)
Current income tax:			
– PRC enterprise income tax	(c)	139,336	160,226
– Hong Kong profits tax	(b)	2,115	–
– Withholding tax	(d)	51,497	23,995
		192,948	184,221
Deferred income tax (credited)/charged to income statement (Note 28)		(1,218)	6,049
		191,730	190,270

- (a) The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Law of the Bermuda and, accordingly, is exempted from payment of the Bermuda income tax.
- (b) Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year.
- (c) Profits tax for PRC and overseas subsidiaries are calculated as the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.
- (d) Dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 in the PRC is subject to withholding income tax at a tax rate of 5% or 10%. During the year, withholding income tax was provided for relevant portion of undistributed profits of the Group's subsidiaries, joint ventures and associated companies established the PRC at tax rates of 5% or 10% (2014: 5% or 10%).

NOTES TO THE FINANCIAL STATEMENTS

14 INCOME TAX EXPENSES (CONTINUED)

- (e) The tax on the Group's profit before income tax less share of results of joint ventures and associated companies differs from the theoretical amount that would arise using the principal applicable tax rate as follows:

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

15 EARNINGS PER SHARE

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

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

16 PREPAID LAND LEASE PAYMENTS

The Group's interests in prepaid land lease payments represent prepaid operating lease payments and their net book value are analysed as follows:

	2015 HK\$' 000	2014 HK\$' 000 (RESTATED)
Outside Hong Kong, held on: Leases of 10 to 50 years	708,797	747,153

17 PROPERTY, PLANT AND EQUIPMENT

	BUILDINGS HELD FOR OWN USE HK\$' 000	LEASEHOLD IMPROVEMENTS HK\$' 000	JETTY STRUCTURES HK\$' 000	JETTY FACILITIES HK\$' 000	PIPELINE TRANSMISSION EQUIPMENT HK\$' 000	PLANT AND MACHINERY HK\$' 000	FURNITURE, FIXTURE AND EQUIPMENT HK\$' 000	MOTOR VEHICLE AND VESSELS HK\$' 000	CONSTRUCTION IN PROGRESS HK\$' 000	TOTAL HK\$' 000
<i>At 1 January 2014</i>										
Cost, as previously reported	91,834	477	1,745,842	1,379,728	-	211,698	179,961	132,091	121,697	3,863,328
Accumulated depreciation, as previously reported	(40,921)	(477)	(832,571)	(713,273)	-	(137,273)	(100,722)	(79,880)	-	(1,905,117)
Net book amount	50,913	-	913,271	666,455	-	74,425	79,239	52,211	121,697	1,958,211
<i>Year ended 31 December 2014</i>										
Opening net book amount, as previously reported	50,913	-	913,271	666,455	-	74,425	79,239	52,211	121,697	1,958,211
Business combinations under common control (Note 32)	73,579	-	-	-	5,222,374	803,141	-	28,039	18,492	6,145,625
Opening net book amount, as restated	124,492	-	913,271	666,455	5,222,374	877,566	79,239	80,250	140,189	8,103,836
Currency translation differences	(269)	-	(283)	(4,761)	(18,366)	(2,994)	(42)	(140)	1,874	(24,981)
Additions	-	-	301	1,886	-	545	1,728	-	897,499	901,959
Disposals	-	-	(402)	(1,414)	(121,008)	(594)	(178)	(26)	-	(123,622)
Transfers	(15,830)	-	-	-	202,935	3,771	-	-	(206,706)	(15,830)
Depreciation charge	(5,868)	-	(67,402)	(63,351)	(294,050)	(76,778)	(20,290)	(11,619)	-	(539,358)
Closing net book amount	102,525	-	845,485	598,815	4,991,885	801,516	60,457	68,465	832,856	8,302,004
<i>At 31 December 2014</i>										
Cost, as restated	150,765	477	1,745,568	1,371,169	6,135,752	1,151,488	178,559	173,189	832,856	11,739,823
Accumulated depreciation, as restated	(48,240)	(477)	(900,083)	(772,354)	(1,143,867)	(349,972)	(118,102)	(104,724)	-	(3,437,819)
Net book amount	102,525	-	845,485	598,815	4,991,885	801,516	60,457	68,465	832,856	8,302,004

NOTES TO THE FINANCIAL STATEMENTS

17 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	BUILDINGS HELD FOR OWN USE HK\$' 000	LEASEHOLD IMPROVEMENTS HK\$' 000	JETTY STRUCTURES HK\$' 000	JETTY FACILITIES HK\$' 000	PIPELINE TRANSMISSION EQUIPMENT HK\$' 000	PLANT AND MACHINERY HK\$' 000	FURNITURE, FIXTURE AND EQUIPMENT HK\$' 000	MOTOR VEHICLE AND VESSELS HK\$' 000	CONSTRUCTION IN PROGRESS HK\$' 000	TOTAL HK\$' 000
<i>Year ended 31 December 2015</i>										
Opening net book amount	102,525	-	845,485	598,815	4,991,885	801,516	60,457	68,465	832,856	8,302,004
Currency translation differences	(4,260)	-	(46,360)	(33,509)	(281,092)	(59,069)	(2,653)	(3,387)	(45,812)	(476,142)
Additions	-	-	-	-	-	883	22	-	312,302	313,207
Disposals	-	-	(1,529)	-	-	(686)	(870)	(39)	-	(3,124)
Transfers	(44,447)	-	-	22,374	46,250	373,082	1,028	-	(423,329)	(25,042)
Depreciation charge	(2,983)	-	(66,454)	(62,880)	(297,178)	(74,868)	(19,686)	(11,346)	-	(535,395)
<i>Closing net book amount</i>	<i>50,835</i>	<i>-</i>	<i>731,142</i>	<i>524,800</i>	<i>4,459,865</i>	<i>1,040,858</i>	<i>38,298</i>	<i>53,693</i>	<i>676,017</i>	<i>7,575,508</i>
<i>At 31 December 2015</i>										
Cost	88,299	477	1,639,542	1,312,844	5,821,889	1,433,612	164,597	162,894	676,017	11,300,171
Accumulated depreciation	(37,464)	(477)	(908,400)	(788,044)	(1,362,024)	(392,754)	(126,299)	(109,201)	-	(3,724,663)
<i>Net book amount</i>	<i>50,835</i>	<i>-</i>	<i>731,142</i>	<i>524,800</i>	<i>4,459,865</i>	<i>1,040,858</i>	<i>38,298</i>	<i>53,693</i>	<i>676,017</i>	<i>7,575,508</i>

18 INVESTMENT PROPERTIES

	2015 HK\$' 000	2014 HK\$' 000
At 1 January	29,389	14,910
Depreciation charge for the year	(4,054)	(1,351)
Transfer from owner-occupied properties to investment properties (Note 17)	44,447	15,830
Currency translation difference	(1,720)	-
At 31 December	68,062	29,389

As at 31 December 2015, the Group had no unprovided contractual obligations for future repairs and maintenance (2014: Nil).

All investment properties of the Group are carried at their costs less accumulated depreciation and any accumulated impairment losses as at 31 December 2015. For disclosure purposes, the fair values of investment properties have been estimated at the market value by reference to recent market transactions in comparable properties. The fair value of the investment properties as at 31 December 2015 is estimated to be HK\$162,320,000 (2014: HK\$99,480,000). An independent valuation of the Group's investment properties was performed by the valuer, Asset Appraisal Limited, to determine the fair value of the investment properties as at 31 December 2015 and 2014. The following table analyses the investment properties measured at fair value, by valuation method.

Fair Value Hierarchy

Description	FAIR VALUE MEASUREMENTS AS AT 31 DECEMBER 2015 USING		
	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1) HK\$' 000	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2) HK\$' 000	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) HK\$' 000
Fair value measurements			
Investment properties:			
- Residential (HK and Macau)	-	104,750	-
- Commercial (PRC)	-	57,570	-
	-	162,320	-

NOTES TO THE FINANCIAL STATEMENTS

18 INVESTMENT PROPERTIES (CONTINUED)

Description	FAIR VALUE MEASUREMENTS AS AT 31 DECEMBER 2014 USING		
	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1) HK\$' 000	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2) HK\$' 000	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) HK\$' 000
Fair value measurements			
Investment properties:			
– Residential (HK and Macau)	–	99,480	–
	–	99,480	–

For office units, the valuation was determined using the sale comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

There were no changes in valuation techniques during the year.

The Group leases out investment properties under operating leases. The leases run for an initial period of two years. None of the leases includes contingent rentals.

(a) Amounts recognised in income statement for investment properties

	2015 HK\$' 000	2014 HK\$' 000
Rental income	6,083	1,913
Direct operating expenses from property that generated rental income	(938)	(271)
	5,145	1,642

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2015 HK\$' 000	2014 HK\$' 000
Within 1 year	856	1,356
1-2 years	–	856

19 TRADE AND OTHER RECEIVABLES

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

19 TRADE AND OTHER RECEIVABLES (CONTINUED)

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2015 HK\$' 000	2014 HK\$' 000 (RESTATED)
HK\$	3,664	5,095
RMB	959,374	783,367
US\$	25,198	641,673
	988,236	1,430,135

Ageing analysis of trade receivables are set out below:

	2015 HK\$' 000	2014 HK\$' 000 (RESTATED)
Current	76,410	729,741
Less than 1 month past due	48,782	29,382
1 to 3 months past due	26,996	117,834
More than 3 months but less than 12 months past due	147,218	287,089
Amounts past due but not impaired	222,996	434,305
	299,406	1,164,046

Amounts past due but not impaired were related to trade receivables due from the Group's intermediate holding company. The Group derived majority of its jetty service income from its intermediate holding company.

The intermediate holding company is a state-owned enterprise listed in both Hong Kong and the PRC. Based on past experience and the intermediate holding company's sound financial position, the overdue amounts can be recovered.

Current receivables that are related to a number of customers that have no recent history of default. The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

20 INVENTORIES

	2015 HK\$' 000	2014 HK\$' 000 (RESTATED)
Fuel oil for vessels	6,861	11,815
Spare parts	14,400	12,035
Total	21,261	23,850

The cost of inventories recognised as expense and included in 'cost of sales' for the year ended 31 December 2015 was HK\$53,553,000 (2014: HK\$18,426,816,000) (Note 8).

21 CASH AND CASH EQUIVALENTS

	2015 HK\$' 000	2014 HK\$' 000 (RESTATED)
Cash at bank and in hand	246,529	216,691
Short-term bank deposits	811,203	582,176
Cash and cash equivalents	1,057,732	798,867

At 31 December 2015 and 2014, there were no restricted deposits held at bank as reserve for serving of debt for revolving loans provided by bank.

Short-term bank deposits earn an interest of floating rates from 0.66% to 4.3% per annum (2014: 0.80% to 3.50% per annum).

The carrying amounts of time deposits, bank balances and cash are denominated in the following currencies:

	2015 HK\$' 000	2014 HK\$' 000 (RESTATED)
US\$	160,302	411,736
Euro	6,598	6,325
RMB	804,389	341,368
HK\$	86,408	39,373
Others	35	65
Cash and cash equivalents	1,057,732	798,867

NOTES TO THE FINANCIAL STATEMENTS

22 SHARE CAPITAL

	2015		2014	
	NUMBER OF SHARES '000	AMOUNTS HK\$'000	NUMBER OF SHARES '000	AMOUNTS HK\$'000
Authorised:				
Ordinary shares of HK\$0.1 each	3,000,000	300,000	3,000,000	300,000
Issued and fully paid:				
At 1 January and 31 December	2,486,160	248,616	2,486,160	248,616

23 SPECIFIC RESERVE

According to relevant PRC regulations, the Group is required to transfer an amount to specific reserve for the safety production fund based on the turnover of certain refining and chemical products or based on the production volume of crude oil and natural gas. The movements of specific reserve are as follow:

	2015 HK\$'000	2014 HK\$'000 (RESTATED)
At 1 January	151	113
Provision for the year	34,197	54,761
Utilisation for the year	(34,238)	(54,723)
At 31 December	110	151

24 DIVIDENDS

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

24 DIVIDENDS (CONTINUED)

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

25 CASH GENERATED FROM OPERATIONS

	Note	2015 HK\$' 000	2014 HK\$' 000 (RESTATED)
Profit before income tax		1,218,648	1,208,353
Adjustments for:			
Depreciation of property, plant and equipment	17	535,395	539,358
Depreciation of investment properties	18	4,054	1,351
Amortisation of prepaid land lease payments		14,311	11,691
Finance expenses	10	198,140	219,469
Government grant received		–	(94,676)
Bank interest income	10	(14,649)	(21,470)
Net loss on disposal of property, plant and equipment	7	2,721	123,028
Share of results of associated companies	12	(117,865)	(103,506)
Share of results of joint ventures	13	(553,901)	(489,948)
Changes in working capital:			
Decrease in inventories		2,589	47,512
Decrease/(increase) in trade and other receivables		669,204	(657,332)
(Decrease)/increase in trade and other payables		(307,341)	502,371
Cash generated from operations		1,651,306	1,286,201

In the statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	2015 HK\$' 000	2014 HK\$' 000 (RESTATED)
Net book amount (Note 17)	3,124	123,622
Loss on disposal of property, plant and equipment	(2,721)	(123,028)
Proceeds from disposal of property, plant and equipment	403	594

NOTES TO THE FINANCIAL STATEMENTS

26 TRADE AND OTHER PAYABLES

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

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

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

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

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

26 TRADE AND OTHER PAYABLES (CONTINUED)

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2015 HK\$' 000	2014 HK\$' 000 (RESTATED)
HK\$	478,518	313,912
RMB	3,623,948	443,453
US\$	7,965	655,368
SG\$	29,517	38,277
	4,139,948	1,451,010

27 BORROWINGS

	2015 HK\$' 000	2014 HK\$' 000 (RESTATED)
Loans from an intermediate holding company	3,938,982	4,183,199

At 31 December 2015, the borrowings were repayable as follows:

	2015 HK\$' 000	2014 HK\$' 000 (RESTATED)
Between 2 and 5 years	3,938,982	4,183,199

Notes:

- The loans are denominated in Renminbi.
- The interest rate was 5.0% per annum at 31 December 2015 (2014: 4.8% per annum).
- The loans are primarily unsecured and carried at amortised costs.
- The carrying amount of loans approximates its fair value.
- The undrawn borrowing facilities as at 31 December 2015 from an intermediate holding company and a fellow subsidiary were nil (2014: nil) and US\$500,000,000, approximately HK\$3,900,000,000 (2014: US\$500,000,000, approximately HK\$3,900,000,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

28 DEFERRED INCOME TAX

The gross movement on the deferred income tax account is as follows:

	UNDISTRIBUTED PROFITS OF A SUBSIDIARY IN THE PRC HK\$'000	UNDISTRIBUTED PROFITS OF JOINT VENTURES IN THE PRC HK\$'000	UNDISTRIBUTED PROFITS OF AN ASSOCIATED COMPANY IN THE PRC HK\$'000	ACCELERATED TAX DEPRECIATION HK\$'000	TOTAL HK\$'000
<i>Deferred income tax liabilities</i>					
At 1 January 2014	89,825	2,731	5,026	-	97,582
Charged/(credited) to income statement (Note 14)	(10,610)	17,067	(408)	-	6,049
Exchange differences	(442)	62	89	-	(291)
At 31 December 2014	78,773	19,860	4,707	-	103,340
At 1 January 2015	78,773	19,860	4,707	-	103,340
Charged/(credited) to income statement (Note 14)	(31,304)	2,408	278	27,400	(1,218)
Exchange differences	(3,537)	(1,455)	(306)	(1,129)	(6,427)
At 31 December 2015	43,932	20,813	4,679	26,271	95,695

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets in respect of tax losses attributable to subsidiaries of HK\$234,962,000 (2014: HK\$157,556,000), as the directors consider it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

29 COMMITMENTS

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

30 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with 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 fellow subsidiaries.

During the year, the Group had the following significant transactions with its intermediate holding company, fellow subsidiaries, an associated company, a joint venture and a director:

	2015 HK\$' 000	2014 HK\$' 000 (RESTATED)
Crude oil sold to an intermediate holding company and a fellow subsidiary (note (i))	–	18,307,184
Crude oil and fuel oil purchased from an intermediate holding company and a fellow subsidiary and related charges (note (i))	–	679,109
Insurance premium by a fellow subsidiary (note (ii))	2,116	637
Jetty service fees to a fellow subsidiary (note (iii))	578,103	593,952
Vessel chartering service fee to a fellow subsidiary (note (iv))	224,588	273,209
Interest income from fellow subsidiaries	13,970	10,339
Interest income from an associated company	2,748	1,367
Interest income from a joint venture	11,775	5,150
Management fee income from a joint venture	841	–
Interest expense to a fellow subsidiary (note (v))	(198,140)	(219,469)
Rental income from a director (note (vi))	57	438
Construction costs by fellow subsidiaries (note (vii))	118,148	482,328
Natural gas transmission income from a fellow subsidiary (note (viii))	1,155,227	1,445,945
Natural gas storage fee to a fellow subsidiary (note (ix))	101,605	99,152
Service fee charge to fellow subsidiaries (note (x))	2,840	22,913
Manning costs paid to a fellow subsidiary (note (xi))	49,176	47,646
Rental income from a fellow subsidiary	4,155	–

The balances with related companies are disclosed in Notes 19 and 26 to the financial statements.

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, and this has been confirmed by the independent non-executive directors.

30 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions with Intermediate Holding Company and Fellow Subsidiaries (Continued)

Notes:

The above transactions were conducted in accordance with the following terms:

- (i) The crude oil and fuel oil trading transactions were carried out in accordance with the terms of the relevant sale and purchase agreements and on terms agreed between the parties having regard to commercial practice of the crude oil industry and international market conditions during the year the transactions were carried out.
- (ii) 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.
- (iii) 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.
- (iv) The vessel chartering fees were charged in accordance with the relevant vessel chartering agreements and were determined by reference to the prevailing market rate on a transaction-by-transaction basis.
- (v) Interest expenses were charged by a fellow subsidiary for borrowing. The interest was determined at the market rate at the date when the loan agreement were entered.
- (vi) Rental income was received from a director for leasing an apartment. The leases run for a period till the resignation of the position.
- (vii) The construction costs included the commission fees charged to the Group for the purchase of construction materials and the design fee charged to the Group for the construction of oil depots in the PRC. The largest amount of construction costs paid to individual fellow subsidiary during the year was HK\$33,154,000 (2014: HK\$267,030,000).
- (viii) The price for provision of natural gas transmission services will be charged by Yu Ji Pipeline Company in accordance with the State-prescribed prices without deduction of costs or charges under the Natural Gas Transmission Services Framework Master Agreement.
- (ix) The natural gas storage fee were charged on arm's length negotiation on normal commercial terms with reference to the costs and taxes, and will be adjusted subject to the State policy in accordance with the Gas Storage Framework Master Lease Agreement.
- (x) The service fee were charged in accordance with the relevant service agreements and were determined by reference to the prevailing market rate on a transaction-by-transaction basis.
- (xi) The manning costs were charged on arm's length negotiation on normal commercial terms with reference to costs of provision of services and products, and taxes in accordance with the Services Outsourcing Framework Master Agreement.

(b) Key Management Compensation

Key management solely represents directors of the Company. The compensation paid or payable to key management is shown as below:

	2015 HK\$' 000	2014 HK\$' 000
Directors' fees (Note 31(a))	960	780
Salaries, allowances and benefits-in-kind (Note 31(a))	1,615	1,308
Bonus (Note 31(a))	1,422	1,439
Total	3,997	3,527

NOTES TO THE FINANCIAL STATEMENTS

30 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) 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 30(a), the Group has entered into transactions with other state-controlled entities including but not limited to the following:

- sales and purchases of crude oil;
- construction work;
- rendering and receiving services; and
- use of public utilities

(i) Transactions with Other State-Controlled Entities

	FOR THE YEAR ENDED	
	31 DECEMBER 2015 HK\$' 000	31 DECEMBER 2014 HK\$' 000
Crude oil purchased by the Group	-	17,623,869
Jetty service fees by the Group	25,966	23,026

	2015 HK\$' 000	2014 HK\$' 000 (RESTATED)
Prepayment to/amounts due from other state-controlled entities	671,860	268,371
Amounts due to other state-controlled entities	214,666	144,766

30 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Transactions with Other State-Controlled Entities in the PRC (Continued)

(ii) Transactions with state-controlled banks

The Group deposits its cash with several state-controlled banks in the PRC and Hong Kong. The interest rates of 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:

	FOR THE YEAR ENDED	
	31 DECEMBER 2015 HK\$' 000	31 DECEMBER 2014 HK\$' 000 (RESTATED)
Interest income	678	10,648

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

	FOR THE YEAR ENDED	
	31 DECEMBER 2015 HK\$' 000	31 DECEMBER 2014 HK\$' 000 (RESTATED)
Cash and cash equivalents	509,925	257,560

(d) Transactions with Fellow Subsidiaries

The amounts of current deposit placed at fellow subsidiaries in the PRC and Hong Kong of the reporting period are summarised as follows:

	For the year ended	
	31 DECEMBER 2015 HK\$' 000	31 DECEMBER 2014 HK\$' 000 (RESTATED)
Cash and cash equivalents	1,156,258	775,803

NOTES TO THE FINANCIAL STATEMENTS

31 BENEFITS ON INTERESTS OF DIRECTORS

(a) Directors' and Chief Executives Emoluments

The remuneration of the directors for the years ended 31 December 2014 and 2015 are set out below:

2015	FEEES HK\$' 000	SALARIES HK\$' 000	DISCRETIONARY BONUS HK\$' 000	EMPLOYER'S CONTRIBUTION TO RETIREMENT BENEFIT SCHEME HK\$' 000	TOTAL HK\$' 000
Executive directors					
Chen Bo (Chairman)	-	-	-	-	-
Xiang Xiwen (Deputy Chairman) (Note)	-	-	-	-	-
Zhu Zeng Qing (Deputy Chairman) (Note)	-	-	-	-	-
Zhu Jian Min (Note)	-	-	-	-	-
Tan Ke Fei (Note)	-	-	-	-	-
Zhou Feng (Note)	-	-	-	-	-
Dai Liqi (Note)	-	-	-	-	-
Li Jianxin (Note)	-	-	-	-	-
Wang Guotao (Note)	-	-	-	-	-
Ye Zhijun (Managing Director)	-	1,615	1,422	-	3,037
Independent non-executive directors					
Tam Wai Chu, Maria	320	-	-	-	320
Fong Chung, Mark	320	-	-	-	320
Wong Yau Kar, David	320	-	-	-	320
	960	1,615	1,422	-	3,997

31 BENEFITS ON INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and Chief Executives Emoluments (Continued)

2014	FEES HK\$' 000	SALARIES HK\$' 000	DISCRETIONARY BONUS HK\$' 000	EMPLOYER'S CONTRIBUTION TO RETIREMENT BENEFIT SCHEME HK\$' 000	TOTAL HK\$' 000
Executive directors					
Chen Bo (Chairman)	-	-	-	-	-
Zhu Zeng Qing (Deputy Chairman)	-	-	-	-	-
Zhu Jian Min	-	-	-	-	-
Tan Ke Fei	-	-	-	-	-
Zhou Feng	-	-	-	-	-
Ye Zhijun (Managing Director)	-	1,308	1,439	-	2,747
Independent non-executive directors					
Wong Po Yan	65	-	-	-	65
Tam Wai Chu, Maria	260	-	-	-	260
Fong Chung, Mark	260	-	-	-	260
Wong Yau Kar, David	195	-	-	-	195
	780	1,308	1,439	-	3,527

Note: Zhu Zeng Qi, Zhu Jian Min, Tan Ke Fei and Zhou Feng resigned on 14 December 2015 as executive directors of the Company due to change in job assignment within China Petrochemical Corporation. Xiang Xiwen, Dai Liqi, Li Jianxin and Wang Guotao appointed as executive directors of the Company on 14 December 2015.

(b) Directors' Retirement Benefits

No retirement benefits was paid to every directors and the chief executive of the Company or its subsidiary undertaking during the year (2014: nil).

(c) Consideration Provided to Third Parties for Making Available Directors' Services

During the years ended 31 December 2014 and 2015, no emoluments was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office.

(d) Directors' Material Interests in Transactions, Arrangements or Contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

NOTES TO THE FINANCIAL STATEMENTS

32 BUSINESS COMBINATIONS UNDER COMMON CONTROL

(a) Acquisition of Yu Ji Pipeline Company

It represented the acquisition agreement entered into by the Group to acquire 100% equity interests in Yu Ji Pipeline Company for a cash consideration of RMB2,576,881,000 (approximately HK\$3,075,844,000). The acquisition was completed on 31 December 2015.

The acquisition is business combination under common control since the Company and Yu Ji Pipeline Company is under the common control of Sinopec Group. As a result, the Group has accounted for the acquisition in a manner similar to a uniting of interests, whereby the assets and liabilities acquired are accounted for at carryover predecessor values to Sinopec Group.

The consolidated financial statements have been restated to give effect to the acquisition with all periods presented as if the operations of the Group and Yu Ji Pipeline Company have always been combined.

The summarised results of operations for the year ended 31 December 2014 and the financial position as at 31 December 2014 for the separate entity and on a consolidation basis are set out below.

(b) Summary of Results of Operations

	THE GROUP (AS PREVIOUSLY REPORTED) HK\$' 000	YU JI PIPELINE COMPANY HK\$' 000	THE GROUP (AS RESTATED) HK\$' 000
Results of operations			
Year ended 31 December 2014			
Revenue	19,223,634	1,445,945	20,669,579
Profit for the year	699,773	318,310	1,018,083

32 BUSINESS COMBINATIONS UNDER COMMON CONTROL (CONTINUED)

(c) Summary of Financial Positions of Operations

	THE GROUP (AS PREVIOUSLY REPORTED) HK\$' 000	YU JI PIPELINE COMPANY HK\$' 000	THE GROUP (AS RESTATED) HK\$' 000
Financial position			
As at 31 December 2014			
Non-current assets	9,552,840	6,446,727	15,999,567
Current assets	2,004,276	248,576	2,252,852
Total assets	11,557,116	6,695,303	18,252,419
Current liabilities	1,176,594	280,396	1,456,990
Non-current liabilities	103,340	4,188,155	4,291,495
Total liabilities	1,279,934	4,468,551	5,748,485
Net assets	10,277,182	2,226,752	12,503,934

NOTES TO THE FINANCIAL STATEMENTS

33 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance Sheet of the Company

	NOTE	AS AT 31 DECEMBER	
		2015 HK\$' 000	2014 HK\$' 000
Assets			
Non-current assets			
Investments in subsidiaries		7,803,718	6,522,722
Current assets			
Other receivable		–	147,882
Cash and cash equivalents		26	21
Total assets		7,803,744	6,670,625
Equity and liabilities			
Equity attributable to owners of the company			
Share capital		248,616	248,616
Reserves	Note (a)	7,548,406	6,416,199
Total equity		7,797,022	6,664,815
Liabilities			
Current liabilities			
Trade and other payables		6,722	5,810
Total liabilities		6,722	5,810
Total equity and liabilities		7,803,744	6,670,625

The balance sheet of the Company was approved by the Board of Directors on 22 March 2016 and was signed on its behalf

Chen Bo
Chairman

Ye Zhijun
Managing Director

33 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Reserve Movement of the Company

	SHARE PREMIUM HK\$'000	CONTRIBUTED SURPLUS HK\$'000	(ACCUMULATED LOSSES)/ RETAINED EARNINGS HK\$'000	TOTAL HK\$'000
At 1 January 2014	6,300,684	242,397	(159,809)	6,383,272
Final dividends approved in respect of the previous year	-	-	(49,724)	(49,724)
Total comprehensive income for the year	-	-	144,805	144,805
Interim dividends declared in respect of the current year	-	-	(62,154)	(62,154)
At 31 December 2014	6,300,684	242,397	(126,882)	6,416,199
At 1 January 2015	6,300,684	242,397	(126,882)	6,416,199
Interim dividends declared in respect of the current year	-	-	(62,154)	(62,154)
Total comprehensive income for the year	-	-	1,256,515	1,256,515
Final dividends declared in respect of the current year	-	-	(62,154)	(62,154)
At 31 December 2015	6,300,684	242,397	1,005,325	7,548,406

Notes:

- The application of the share premium account is governed by section 40 of Bermuda Companies Act 1981.
- The merger reserve of the Group represents the difference between the nominal amount of the share capital of the subsidiaries acquired and the nominal value of the share capital of the Company issued for the acquisition under a Group reorganisation carried out in 1999.
- The general reserves of the Group represent appropriations made by the Company's PRC subsidiary, associated companies and joint ventures, from retained earnings to a statutory general reserve and an enterprise development fund, pursuant to the relevant PRC laws and regulations applicable to a foreign investment enterprise. Neither the reserve nor the fund is available for distribution.

For the general reserves, the PRC entities are required to transfer at least 10% of its net profit for the year, as determined under the PRC accounting rules and regulations, to the statutory general reserve until the reserve balance reaches 50% of the paid-up capital. The transfer to this reserve must be made before distribution of dividends to equity owners. The statutory general reserve fund can be utilised to offset prior year's losses or converted into paid-up capital. For the enterprise development fund, the percentage of appropriation is determined annually by the directors. The enterprise development fund can be used for the future development of the enterprise or converted into paid-up capital.

The general reserves also included the excess of the consideration paid over the carrying value of the net assets acquired in respect of the acquisition of a 30% equity interest in Huade Petrochemical from Sinopec Guangzhou Petrochemical Complex in 2006 amounting to a debit balance of HK\$141,279,000.

NOTES TO THE FINANCIAL STATEMENTS

33 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Notes: (Continued)

- (d) The contributed surplus of the Company represents the differences between the aggregate shareholders' funds of the subsidiaries at the date on which the Company became the holding company of the Group and the nominal amount of the share capital of the Company issued under a Group reorganisation.

Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend or make a distribution out of contributed surplus if:

- (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
 - (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.
- (e) At 31 December 2015, the aggregate amount of reserves available for distribution to equity shareholders of the Company, including the contributed surplus and accumulated losses/retained earnings, was HK\$1,247,722,000 (2014: HK\$115,515,000). After the end of the reporting period the directors proposed a final dividend of HK2.5 cents (2014: HK2.5 cents) per ordinary share, amounting to HK\$62,154,000 (2014: HK\$62,154,000). The dividend has not been recognised as a liability at the end of the reporting period.

FIVE YEAR SUMMARY

	2011 HK\$' 000 (UNRESTATED) (NOTE B)	2012 HK\$' 000 (UNRESTATED) (NOTE B)	2013 HK\$' 000 (UNRESTATED) (NOTE B)	2014 HK\$' 000 (RESTATED) (NOTE A)	2015 HK\$' 000
Results					
Turnover	19,684,732	22,041,792	23,355,579	20,669,579	2,043,630
Profit from operations	284,423	207,224	97,403	812,898	730,373
Finance expenses	(3,505)	(1,555)	(3,807)	(219,469)	(198,140)
Finance income	-	-	2,702	21,470	14,649
Share of results of associated companies	-	92,007	108,780	103,506	117,865
Share of results of joint ventures	-	59,759	456,966	489,948	553,901
Profit before income tax	280,918	357,435	662,044	1,208,353	1,218,648
Income tax expenses	(67,406)	(65,697)	(170,637)	(190,270)	(191,730)
Profit for the year	213,512	291,738	491,407	1,018,083	1,026,918
Assets and liabilities					
Fixed assets	1,894,627	1,945,716	2,697,139	9,187,939	8,489,723
Interests in associated companies	419,030	526,765	617,864	686,650	678,586
Interests in joint ventures	-	2,305,431	5,475,680	6,124,978	6,378,616
Net current assets/(liabilities)	511,925	1,732,332	1,163,120	795,862	(2,095,487)
Deferred income tax liabilities	-	(2,300)	(97,582)	(103,340)	(95,695)
Borrowings	-	-	-	(4,183,199)	(3,938,982)
Government grant	-	-	-	(4,956)	(4,667)
Net assets	2,825,582	6,507,944	9,856,221	12,503,934	9,412,094
Capital and reserves					
Share capital	103,683	207,366	248,616	248,616	248,616
Reserves	2,721,899	6,300,578	9,597,975	12,216,719	9,124,813
Non-controlling interest	-	-	9,630	38,599	38,665
Total Equity	2,825,582	6,507,944	9,856,221	12,503,934	9,412,094
Earnings per share					
Basic	HK17.44 cents	HK15.49 cents	HK21.00 cents	HK40.96 cents	HK41.30 cents

Notes:

- Due to business combination under common control completed in 2015, the financial information of the Group has been restated in a manner similar to a uniting of interests to reflect the acquisition.
- The financial information of the Group has not been restated as the directors consider that the unrestated financial information is more appropriate for year-on-year comparison of the change in the Group's business operation.



CORPORATE SOCIAL RESPONSIBILITY REPORT

In 2015, the Group continued to take on social responsibilities actively according to the “Working Guidelines for Social Responsibilities” formulated by the Board.

This Report uses the “Environment, Social and Governance (ESG) Reporting Guide the Appendix 27” issued by the Stock Exchange as references. This Report covers the same period of the 2015 Annual Report. The contents of this Report include the Company and its wholly-owned subsidiaries and controlled subsidiaries, but do not include the associated companies and joint ventures of the Company. PT. West Point Terminal, a controlled subsidiary of the Company is also excluded from this Report for the time being as it is still in planning phase.

Overview

Throughout the years, we have not only operated in a responsible manner to continuously provide high quality and reliable services, but we also paid special attention to the workplace quality of employees and the involvements in and interactions with the community. In turn we are able to fulfill the expectations of all stakeholders including investors, customers, employees and the community at large and help to build an efficient, safe and clean modern operational system to promote sustainable development of our society.

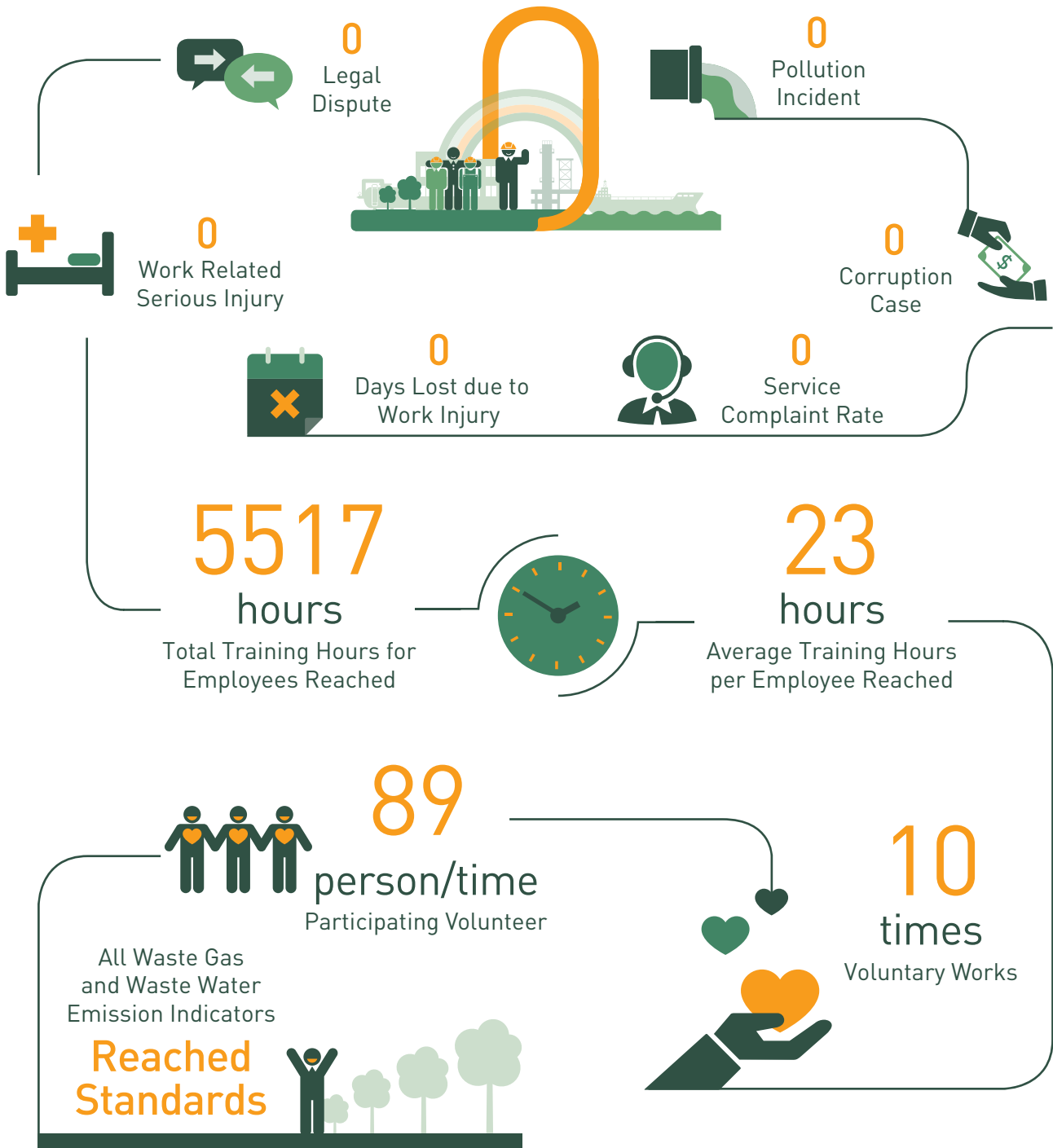
In 2015, the Group considered that building and improving the social responsibility management system was the basis to perform the social responsibility management work. By establishing a system and an organizational structure, the Group has formulated the unified working regulations in four aspects including Workplace Quality, Environmental Protection, Operating Practices and Community Involvement in order to gradually establish a more comprehensive social responsibility management system for commencing social responsibility work.

In 2015, we also actively carried out the research regarding to the social responsibility aspect, procured the social responsibility education and training and continuously enhanced our staff's ability to perform their social responsibility duties. By participating in external training and consultation with professional and enhancing internal communication in multiple levels and with different methods, the Company has included the social responsibility training into the overall sustainable development training system for the Company's staff.



CORPORATE SOCIAL RESPONSIBILITY REPORT

Highlights



Awards 2015



- 1 “Order Less Waste Less, More Blessings”
– Campaign Appreciation Award Certificate
awarded by Friends of the Earth
- 2 “Corporate Green Driving Award Scheme”
– Most Significant Fuel Consumption Saver Champion
– Gold-Tier Fuel Efficiency Improvement
– Gold-Tier Fuel Consumption Saver
jointly awarded by Friends of the Earth and Standard Chartered Bank
- 3 “2015 China Financial Market
– The Best Listed Company Award”
– The Best Corporate Governance Award
awarded by China Financial Market
- 4 “Coastal Watch Project”
– Coastal Watch Cleaning Certificate
– Coastal Watch Project
awarded by World Wide Fund for Nature
- 5 Certificate of Participation
award by Hong Kong Beach & Country Park
Concerning Group
- 6 “Flag-selling”
– Activities Appreciation Award Certificate
awarded by Hong Kong Children & Youth Services
- 7 “HK Office Paper Recycling Campaign”
–Certificate of Appreciation
awarded by Eco Association



CORPORATE SOCIAL RESPONSIBILITY REPORT



Workplace Quality

Employees are our most precious resources and wealth. The development and success of the Group are the results of efforts contributed by all employees. The Group has been led by the idea of “People-centered” to improve the working conditions of employees, paying attention to employees’ physical and mental health, concern about the future development of employees and achieving growth of both the Group and its employees.

Working Conditions

A Fair and Just Working Conditions

The Group strictly complies with international conventions related to labour and human rights, respects and protects the legal rights of the staff, and advocates equal and non-discriminatory working conditions, treating all staff in fair and just ways regardless of nationality, race, gender, religion and cultural background.

The Group recruits its staff through extensive sources. As the subsidiary of the Sinopec Group, leveraging on the advantage of attracting professional talents by our controlling shareholder Sinopec Group, the Group recruits its staff in Hong Kong by internal hiring within Sinopec Group and by fair and open market hiring. The Group recruits a large local workforce in Hong Kong, including quality immigrants. Sinopec Guangzhou Branch Company is responsible for the recruitment of Huade Petrochemical, a wholly-owned subsidiary of the Company, by using the online recruitment platform of Sinopec to hold a public hiring. The recruitment platform has different channels with transparency including campus recruitment and social recruitment.

In 2015, the Group had a total of 244⁽¹⁾ employees, the number of staff turnover was 16⁽²⁾, the number of staff retired was 1.

(1) Excluding 10 staff who were working in Batam Project

(2) Excluding 2 staff who were working in Batam Project

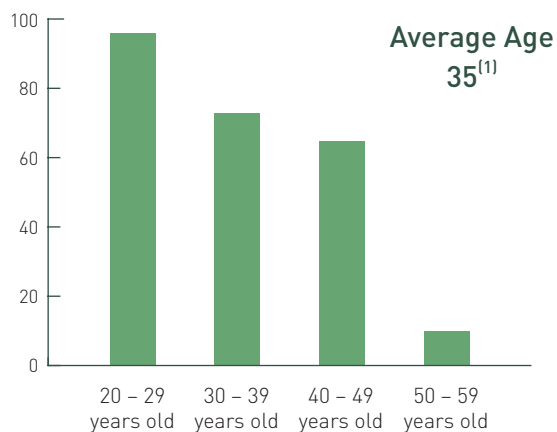
Year 2015	GEOGRAPHICAL REGION			AGE		TOTAL
	Mainland China	Hong Kong	Overseas	Age from 18 to 40	Age above 40	
The Group	226	17	1	192	52	244
Number of newly-added staff⁽¹⁾	5	3	0	3	8	11
Number of staff turnover⁽²⁾	15	3	1	9	10 ⁽⁴⁾	16
Number of staff at the beginning of the year	237	17	2	202	10	256 ⁽⁵⁾
Turnover rate⁽³⁾	6.32%	17.64%	50.00%	4.46%	18.52%	6.25%

- (1) Definition of number of newly-added staff: new staff added from secondment and recruitment
(2) Definition of number of staff turnover: resigned and terminated staff, not including retired staff
(3) Turnover rate= Number of staff turnover for the current period ÷ total number of staff at the end of the period × 100%
(4) Excluding one staff who retired in 2015
(5) Including one staff who retired in 2015

Clear Legal Protection

The Group strictly follows the relevant laws and regulations of the places where the companies operate, employment of child labour is strictly prohibited and rejected, and the Group vigorously avoids forced labour. Written contracts are signed with all staff, specifying the details of employment, remuneration, working hours, rest, leave entitlement, insurance and benefits, etc.; we implement a system according to work and equal pay for equal work, the same wages are offered for the same positions, and statutory benefits are granted to all those employed under the employment terms with the Group in accordance with laws.

Age Range of Staff



(1) Age calculated by rounding-up

Participation in the Sino-HK Enterprises Job Expo

From 7 to 8 October 2015, the Company participated for the first time in the Sino-HK Enterprises Job Expo jointly organized by the Hong Kong Labour Department and the Hong Kong Chinese Enterprises Association, and provided recruitment information enquiry, job application and registration services with other well-known enterprises of Mainland China and Hong Kong.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Warm Birthday Parties

In 2015, in order to enhance sense of belongings of our staff, and to give them the feeling of family-like warmth, the Company held a birthday party each month to celebrate the staff's birthdays in that month and give warm blessings to them.



Well Structured and Clear Remuneration System

The Group has a well structured salary grading and appraisal mechanism with established method of assessment and incentive bonuses, and basic salary adjustment is closely tied with situations such as position adjustment, ability enhancement and appraisal results of staff, so that morality can be properly maintained, and allows the building of career path for talented staff and the sustainable and harmonious development of the enterprise.

When recruiting the staff, the Company assesses the candidates based on the factors such as job position, ability, qualification and market level in a comprehensive and integrated manner to determine the salary of the employee. In order to ensure and enhance the quality and efficiency of the employee, the Company has implemented various tests at the end of the year to assess the daily work performance, ability and attitude of the employee. The result of the assessment is an important basis for determining the year-end bonus, salary increment, job promotion, rating and training opportunities.

The salary of Huade Petrochemical's staff in China is based on the local market rate, including basic salary, overtime allowance, welfare benefits and bonus. The basic salary system of various job positions has classified into three aspects including Operating Management, Professional Skills and Practical Operation with different levels in order to integrate and reflect the contributions and capabilities of the staff in their own field. Based on the job duties and difficulties, Huade Petrochemical has 23 basic salary levels with 18 to 24 grades in each level. For the operating management and professional technicians and operators, adjustment ranges are given in the basic salary levels according to their professional skills qualification and occupational skill level.

Good Welfare Protection

The Group tries its best not to arrange nor encourage staff to work overtime. If it is necessary to arrange staff to extend working hours in working days or work on statutory holidays, compensation leave will be granted, depending on the situations, or overtime payment will be given according to the relevant policy.

The Group strictly follows the laws and regulations of places where it operates, and to ensure staff are entitled to public holiday, paid leave, sick leave, casual leave, maternity leave, marriage leave, bereavement leave, etc., in accordance with the system of the Group. Huade Petrochemical also strictly follows the "Labour Law of the PRC" and takes out endowment insurance, medical insurance, maternity insurance, unemployment insurance, work-related injury insurance and the Housing Fund for the staff in full amount.

Besides, the Group is highly concern of the health of its staff. In 2015, the Company continued to provide free healthy lunch for staff in Hong Kong. The meals are specially prepared to meet nutritional requirements and relieve the burden of staff for going out for meals. In consideration of remote location of crude oil location in Mabianzhou Island, which is far away from city by ship, Huade Petrochemical specially sets up staff canteen in the island and reservoir area, and provides free breakfast, lunch, dinner and supper services, and also provides snack services for shifting staff.

Harmonious and Joyful Working Atmosphere

The Group shows its care for staff in many different ways, creating an atmosphere of a harmonious big family, the following one examples to reflect how the Group cares for the physical and mental health of staff.

Staff Enjoying the Picturesque Workplace

In 2015, in order to enrich staff's living and enhance their physical and mental health, Huade Petrochemical organized a series of "care and love" activities for staff, including management greetings during holidays and especially hot and cold weathers "Celebrating Dragon Boat Festival" gathering, "Work Hard for a Better Life" female staff sports event, etc., That all helped to create a warm and harmonious corporate culture.



Health and Safety

Emphasis on Safety and Health Awareness

The Group is committed to enhance the safety and health awareness of the staff and to provide a safe and healthy environment to all our staff. In March 2015, the Company organized a program for all staff to undergo HSSE (Health, Safety, Security, Environmental Protection) training, staff have to sign a HSSE letter of undertaking and take initiative to follow HSSE principles of the Company, so that the three core safety concepts of "Safety in my heart", "Everyone is safety officer", "Protect the enterprise and surrounding environment, maintain good relationship with the local communities" are deeply rooted in the minds of our staff. Through relevant professional training, each of our staff is familiarized with emergency measures of their own positions, and they have learnt to call the police, fire extinguishing, self-rescue, mutual-rescue. The Group places high importance to the establishment of safety system. In 2015, on the basis of summarizing previous experience in safety monitoring, the Company formulated and amended the Regulations on Public Safety Management, Contingency Plans for "Public Safety Incidents", "Contingency Management System"



and "Vehicle Use and Maintenance Management System". Promotion and training were conducted for each system. To further improve the public safety of the Company, the Company convened safety meetings weekly, demanded public safety reports on the Company and subsidiaries and concurrently conducted training and education of public safety since the second half of 2015.

In order to deepen the safety philosophy, the Company has implemented a safety education training plan for Hong Kong head quarter's staff, and safety knowledge training to the Hong Kong head quarter's staff have been raised, and also the Company has set June 2015 as the first safety production month. The Company implemented and issued "Activity Details in Relation to Safety Diagnosis and Safety Production Month", and organized all staff to learn new "Safety Production Law" and "Environmental Protection Law" in that month, and participated in competition activities related to laws knowledge. The Company also organized all staff to learn safety education information such as "Bhopal Incident Review" and "Defensive Driving" etc., staff's understanding in relation to safety production management laws were deepened.

Due to the special demand for safety in the operation of crude oil pier, Huade Petrochemical conducted re-training in safety and technical training for practitioners in various positions, consistently helping staff to reinforce the safety awareness and enhance business skills. For new staff, Huade Petrochemical holds 3-tier safety education as induction every year. Only those who pass can commence their appointment officially. For positions which have special requirements for qualifications, such as electrician and boiler technician, Huade Petrochemical also organizes professional training for them to obtain corresponding qualification.



Organize a Safety Skill Training for Short-term Offshore Workers

In April 2015, in compliance with the national oceanic safety laws and regulations, Huade Petrochemical organized a group of short-term offshore workers to Zhanjiang Port to perform sea safety skill training. The scope of training covered accident cases, self-help and mutual rescue in sea escape, how to use lifesaving tools and facilities and fire-fighting equipment, and environment simulation etc. Staff acquired practical self-rescue and mutual rescue skills under emergency situations. Finally, all staff receiving training have obtained qualification for certification in the five aspects of swimming, ship escape, fire-fighting, first-aid and life-raft operation.

CORPORATE SOCIAL RESPONSIBILITY REPORT



Launch of Fire-Fighting Training

In 2015, the Group actively launched fire extinguishing training, so that staff can better understand and grasp the fire extinguishing and first-aid techniques. In March, the security department of Huade Petrochemical organized a fire extinguishing training for all staff. On 18 December, the Company organized Hong Kong head quarter's staff to participate in on-site training in Hong Kong Fire Services Department. Both trainings achieved good results.

A Safe and Healthy Working Environment

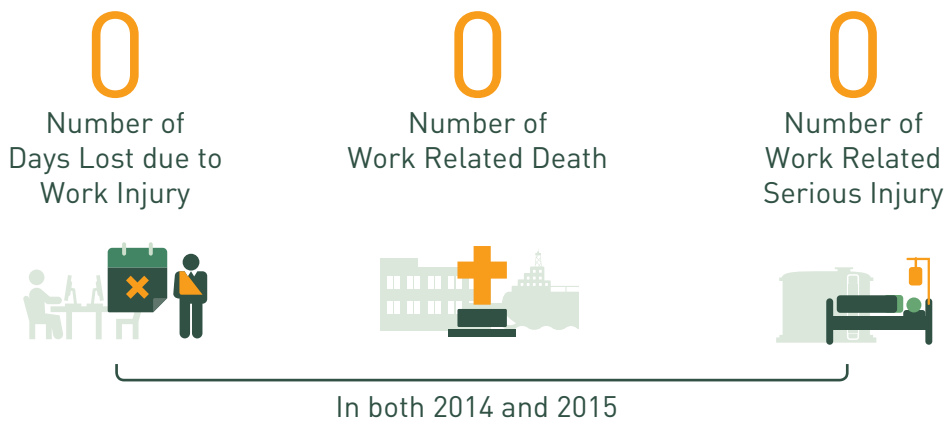
According to the law and requirements of Fire Services of Hong Kong, under central arrangement of the property management centre, the Company has deployed fire hoses in Hong Kong office, fire hazards in office were checked thoroughly, portable fire extinguishers were added, incorrect escape signs were modified, and smoke escape hoods were given to each staff. In order to protect the staff quarters from the threat of fire, the Company also employs professional firm to check the fire system of staff residences in Hong Kong, the safety conditions of equipment such as water, electricity and gas have been checked in particular, any issues discovered were modified in time.

Huade Petrochemical engages in unloading, storage and delivery of crude oil business. Crude oil is inflammable and easily explosive and therefore is dangerous. In accordance with "Oil Storage Design Specification", Huade Petrochemical is equipped with foam fire extinguishing system and fire cooling water system, and it also has fire engines and professional fire-fighting team, optic fiber grating automatic fire alarm system is installed at its oil tanks, and manual alarm system is set along the factory area of Huade Petrochemical. At the same time, in accordance with the "Building Fire Extinguisher Configuration Design Specifications", Huade Petrochemical has sufficient dry powder and fire extinguishers, fire sand etc. Besides, due to the special characteristics of some positions of Huade Petrochemical, it has engaged Huizhou City Occupational Disease Prevention Hospital to perform annual checking for poisonous or dangerous factors for staff in certain positions of Huade Petrochemical, the results of such checking is posted provide to relieve any worries of staff. Such measures provide a safe environment and peace of mind to staff.

Protects Staff, Prevents Occupational Hazards

Different industries have different occupational diseases. The Company encourages staff to perform outdoor exercises, and fitness exercises are organized for staff in office regularly to give relaxation to the body.

Huade Petrochemical, as a production enterprise, has a regulation system in respect of preventing of occupational hazards production. The HSE (Health, Safety, Environment) charter of Huade Petrochemical provides that, all staff have to wear safety helmet properly with antistatic labour protective clothing put on before entering the production zone. Storage and transportation staff have to wear oil resistant antiskid safety shoes, while power handling staff (electricians) have to wear insulation safety shoes and insulation gloves. Huade Petrochemical also provides labour protection supplies such as gloves, earplugs and gas masks to staff whenever necessary to prevent staff suffering from occupational injury.



Launch of Fire Extinguishing Training and First-aid Training

On 10 April 2015, staff of the Company went to Mabianzhou Island of Huade Petrochemical to receive fire extinguishing and first-aid trainings. Fire services and first-aid professionals of Huade Petrochemical explained to the staff the basic principles and operation methods of dry powder and carbon dioxide fire extinguisher, air-respirator, filter self-rescue respirator and cardiopulmonary resuscitation, and operation demonstration was performed afterwards. Later on, practical training of self-rescue and mutual-rescue equipment, and demonstration of dry powder fire extinguisher to put out fire in oil basin was performed. Through this training, safety awareness of staff have been enhanced, fire extinguishing and first-aid skills were better understood and grasped by staff, the safety ability requirement of staff of the Company have been reached as "call the police, fire extinguishing, self-rescue, mutual-rescue and risk prevention, not to be harmed by their own selves, would not harm others and not to be harmed by others".



CORPORATE SOCIAL RESPONSIBILITY REPORT

Well-covered Medical Benefits

In order to protect the safety of staff, besides basic medical benefits, in 2015, the Company continued to take up travel insurance for all staff in Hong Kong who have fulfilled the insurance conditions, thus protecting each of our staff during their business trips.

Besides, depending on the different situations where occupational hazards may be suffered by its staff, Huade Petrochemical organizes occupational health check for the staff every year in Huizhou City Occupational Disease Prevention Hospital, Daya Bay work station. After checking, the medical results are notified in writing to staff on time, occupational health records are also kept for each staff. For staff who are more vulnerable to occupational hazards, Huade Petrochemical strictly follows the instructions of the safety production supervision and management department and health administration department of the State Council and occupational health checks for staff are performed before employment, during employment and when leaving the company. The occupational health check fees are borne by Huade Petrochemical. Besides, Huade Petrochemical provides particular medical insurance for different types of staff. For example, body checking for vulnerable diseases for the elderly will be included for elderly staff; a specific female body checking is included for female staff every year.



Fitness Exercise

In June 2015, according to "General Occupational Safety and Health Courses Guide" issued by the Occupational Safety & Health Council, the Company organized fitness exercises for all staff to participate in the first working day of the week, so that staff can learn muscles relaxation techniques, and reduce body strains which are caused by the use of computer.

Development & Training

In 2015, the total number of training hours of staff of the Group reached 5517 hours, and average number of training hours per staff was 23 hours.

GROUP DATA 2015	NUMBER OF STAFF	AVERAGE TRAINING HOURS PER STAFF
Senior management	11	36
Middle management	20	26
General staff	212	22
Total number	244	23

Comprehensive Annual Training Program

At the beginning of every year, the Group organizes and plans "Staff Training Program" for such year. During the year afterwards, the Group organized non-regular training for staff, which is based on planning, and combing methods of professional, characteristics and remote and on-site training. Such that an intensive training which is closely related to work can be achieved, and to promote the staff to keep learning and lifelong learning, and the staff's skills were enhanced.

Enriches Content for Growth Expansion

In 2015, the Group continued to strengthen the construction of the staff growth ladder, and focused on the occupational development of professional technical and technical operators staff. In 2015, the contents of training programs were enriched, covering a lot of topics such as safety education, operation skills, equipment management, financial management, operational management, information management, administrative management, anti-corruption, comprehensive quality, etc. to fully satisfy the requirements of staff.

In the course of training, the Group also increased effort to staff training management to achieve better training results. The Group adopts closed-loop management including making application in advance, tracking during the course and making a summing-up after training. Such management has effectively increased the training results of the staff. After completion of training, the Company will make an examination to the training staff were also performed. Besides, Huade Petrochemical also reviews its training work on a quarterly basis and staff with good performance will be appraised to comprehensively raise the initiative for participation in training programs.



Multiple Training Channels of Huade Petrochemical

- Participation in external trainings organized by the Sinopec Group, Guangzhou Petrochemical and external organizations, both the knowledge and skills of staff were enhanced. The time of trainings was approximately 200 hours in total.
- Professional technology staff of Huade Petrochemical were invited to launch internal training for our staff, the contents of which covered safety training, skills operation, operation of new projects etc., the time was approximately 140 hours in total.
- Each department and station organized its own staff to learn about the knowledge required for their respective positions, the time was approximately 200 hours in total.
- All staff utilized the Sinopec distant learning system to study, the time was approximately reached 10,000 hours in total.



Environmental Protection

The Group highly stresses on the work of environmental protection, and includes the work of environmental protection and energy saving and emission reduction and resources reservation in the working agenda. The Group, on one hand, strictly monitor emissions produced by the industry, and implements emission treatment policies in details for waste gas, waste water and waste, to ensure the emissions are all under reasonable control, and to fully prepare for the environmental risks, on the other hand, and brings energy saving and emission reduction to its focus, work towards its targets and attach responsibilities.



Pollution Incident



In both 2014 and 2015

In 2015, there was no pollution incident in the Group, and good environmental, economic and social benefits were achieved.

Emissions

All Waste Gases and Greenhouse Gases Emission Reach Standards

Huade Petrochemical factory area is divided into two divisions, the south stove oil depot and Mabianzhou first stop, among which, the south stove oil depot does not produce any waste gas and dust. Greenhouse gas and dust will be produced with the commissioning of the boiler in Mabianzhou, and upon checking and testing by Huizhou Environmental Protection Bureau, all of them have passed the emission standards of "The Emission Standard of Air Pollutant from Boiler" (GB13271-2001) as required by the State.

Don't let a single drop of oil pollute the sea, let coastal residents live at ease

Since the commencement of operation of Huade Petrochemical, it has strictly complied with the environmental protection principle of "Don't let a single drop of oil pollute the sea, let coastal residents live at ease", and strictly

TYPES OF EMISSIONS OF HUADE PETROCHEMICAL AND DATA IN 2015		
Total greenhouse gas emission	Nitrogen oxides etc.	1142.5kg
Toxic gas emission	Carbon monoxide	3116.61kg
Other toxic gas emission	Sulfur dioxide	1520kg
Dust emission	Industrial dust	0
	Soot	95.665kg
Other toxic substances emission	Volatile organic solvents	0
Non-toxic substance emission	Total sewage after treatment (Recycled water, used for greening in the island)	35555ton
Total emission charges	Waste gas, dust, waste water etc.	RMB4738.00

The above data are Huizhou Environmental Protection Bureau's data

followed the management system of "Three Wastes" by the state and Sinopec Group, and no sewage has ever been discharged into the sea. Production sewage produced by Mabianzhou area and the pier, household sewage and rain water collected are all discharged together into the 1200 m³ sewage discharge station built by the Group. Oil and water were firstly separated, recycled and utilized. The remaining sewage will be used for greening in the island after biochemical treatment and examination being passed. As for domestic sewage produced by south oil depot, it will be further processed by the sewage treatment plant after treatment in the station.

Thorough Hazardous and Non-Hazardous Wastes Policies

Huade Petrochemical mainly engages in crude oil unloading, storage and transmission business. As for production, Huade Petrochemical also advocates the safety and environmental friendly concepts of "Not allowing a single drop of oil pollute the sea, let coastal residents live without worry", all hazardous wastes such as oil sludge and grease produced during the overhaul of crude oil tanks are handled by a qualified enterprise, Huizhou Dongjiang Veolia Environmental Services Limited, and other solid wastes, household waste are also treated by qualified enterprise.

Up to 2015, hazardous waste treated by Huizhou Dongjiang Veolia Environmental Services Limited amounted to 60.79 tons in total.

Emission of sewage of Huade Petrochemical in 2015 ⁽¹⁾



TYPES	THE FIRST CLASS STANDARD (FIRST TIME PERIOD) MAXIMUM AMOUNT OF WASTE WATER LOCAL DISCHARGING STANDARD (DB4426-2001) OF GUANGDONG PROVINCE	HUIZHOU ENVIRONMENTAL PROTECTION BUREAU DATA OF 2015
CODCr	100	46
Ammonia nitrogen	10	0.867
SS	70	17
Petroleum	5.0	0.04
pH	6-9	7.69

(1) Concentrations are all in mg/L, except pH

CORPORATE SOCIAL RESPONSIBILITY REPORT

Use of Resources

Oil Consumption Data of Huade Petrochemical

	 Target Consumption kWh/ton	 Actual Consumption kWh/ton
2015	4.8	4.8




The electricity consumption by Huade Petrochemical is mainly used for oil transmission. Based on the Guangzhou Petrochemical annual purchasing plan for crude oil, Huade Petrochemical has a complete and perfect energy-saving proposal, starting from selection and took production operation mode, Huade Petrochemical prepares its annual budget for unit electricity consumption and sets target for unit consumption, and such target is compared with actual unit electricity consumption on a regular basis. When there is deviation (exceeding the unit electricity consumption target), Huade Petrochemical carries out economic accountability assessment based on the system, which can achieve the objective of complete control finally.

LED Lighting Retrofit

In 2015, Huade Petrochemical entered into the "LED Lighting Energy Saving Retrofits Agreement" with an energy conservation engineering company to implement the LED lighting energy saving retrofit project in Mabianzhou First Station. The retrofit involves zero cost input for Huade Petrochemical. The equipment cost is paid by 5 installments from the electricity charge savings every year.

The results after retrofit are obvious. For example, there are 20 roundabout road lights with 5355W of power before retrofit which is reduced 2132.4W after retrofit. It helps to reduce 151.1% of energy consumption. Energy saving per year is 326,700 kWh and electricity charge saving amounts to RMB284,200 (electricity charge: RMB0.87/kWh).

Energy Conservation After Retrofit:

	 Electricity Saving (kWh)	 Reduction of CO ₂ Emission (tons)	 Reduction of SO ₂ Emission (tons)
1 year	326,700	345.78	11.22
5 year	1,633,500	1728.90	56.10

[Note: Based on around 0.404 kg of coal per 1 kWh of electricity saving, burning of 1 kg coal would release 2.62 kg of CO₂ and 0.085 kg of SO₂]



Huade Petrochemical Retrofits Water Cooling Operating System

In 2015, an operator in Huade Petrochemical retrofitted the cooling water discharging path of screw compressor based on the water flow and the actual situation of the first station with the help of technical management staff to discharge drained cooling water to the oxidation pond as water used in firefighting. This act not only expressed the sense of ownership and initiatives, and also helped the Company to save costs.

After calculations, some 1200 m³ of cooling water is collected each month. At the cost of RMB8/ton for desalinated water, the total cost saved is about RMB110,000 per year.








Effective Use of Water

Huade Petrochemical prepares the budget for annual production and daily water consumption based on the actual situation. The sub-station sets up target for water consumption, and compares the water consumption with the target value every month and analyzes the reasons for the deviation. When there is positive deviation (water consumption exceeds the target), the Company carries out economic accountability assessment based on the system.

Effective Use of Energy

Huade Petrochemical consumes fuel (diesel oil) in order to deliver heat diesel oil to tugboats, tankers and boilers. Huade Petrochemical combines the number of tankers and the high-pont crude oil arrived to the port for distribution to make an annual plan, so as to formulate indicators for single operation of each tugboat and consumption of boiler heat diesel oil and to compare the fuel consumption per month and target value and

Water Consumption Data of Huade Petrochemical

	 Target Consumption m ³	 Actual Consumption m ³	 Analysis
Mabianzhou First Station	47,409	28,777	 In control
South Stove Oil Depot	20 000	22,159	 In control ⁽¹⁾
Yuan Zhou Intermediate Station	2,500	1,572	 In control
Total	69,909	52,508	 In control

(1) Due to the increase in joint training exercise with the local government and the frequency of fire drills and the enhancement of fire drilling equipment, approximately 3000 m³ more of water consumed.









CORPORATE SOCIAL RESPONSIBILITY REPORT

Receives One Champion and Double Gold Awards in Take a “Brake” Awards Ceremony

On 10 February 2015, the Take a “Brake” awards ceremony organized by Friends of the Earth was held in Central, Hong Kong. With strong advocacy to employees’ health and green driving habits, the Company out competed 54 participating organizations and won three awards from the organizing institution: “Most Significant Fuel Consumption Saver Champion”, “Gold-Tier Fuel Efficiency Improvement” and “Gold-Tier Fuel Consumption Saver”.



Energy Consumption of Huade Petrochemical

	 Annual Target	 Actual Usage in 2015	 Analysis
Water (m ³)	69,909	52,508	 In control
Electricity (kWh/t)	4.8	4.45	 In control
Diesel Oil of 3,600hp Tugboat (t/time)	1.1	0.91	 In control
Diesel Oil of 5,200hp Tugboat (t/time)	1.4	1.39	 In control
Boiler Diesel Oil (t)	300	151	 In control

analyse the causes of deviation and analyzes the reasons for such deviation. When there is positive deviation (fuel consumption higher than the target), the Company carries out economic accountability assessment based on the system.

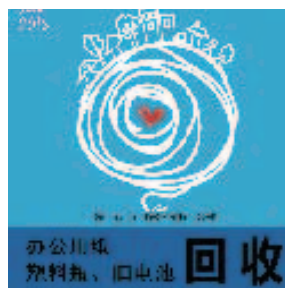
In addition, Huade Petrochemical closely cooperates with Guangzhou Petrochemical to optimize the production and reasonably arranges the unloading, storage and delivery of high pour-point oil, so as to prevent the high pour-point oil from solidifying and freezing to reduce the operation risk for high pour-point oil of Huade Petrochemical effectively and meanwhile, lessen the heating time of high pour-point oil in a maximum extent to reduce the fuel consumption of boiler effectively.

Reuse and Emphasis on Green Office

The Company has adopted a series of green office measures such as effective use of each resources, strengthening promotion and education of green office and encouraging the staff to live a low-carbon life.

Promotion Method

- Strengthen the management of electric office equipment and promote the use of energy efficient equipment
- Post slogans of saving water and encourage employees to save water
- Promote taking public transport and control the fuel consumption of company cars
- Reduce the consumption of office supplies and promote double-sided printing
- Stream line various meetings and trainings. Priority is given to the use of video conferencing.



THE COMPANY DATA	2015	2014
Paper recycled (kg)	300	294
Plastic bottles recycled (pieces)	320	351
Used batteries recycled (pieces)	26	25
Old clothes recycled (pieces)	76	20

The Company has set up recycling collection points in the office pantry in Hong Kong which is convenient for the staff to collect used office papers, plastic bottles, old batteries and old clothes for recycling. It also encourages staff to save papers through double-sided printing in order to treasure the resources of the earth and reduce wastes and gas emission. During the past year, the Company also actively participated in various energy saving activities organized by groups and organizations in Hong Kong, such as Earth Hour and Hong Kong No Air Con Night etc.

 An illustration showing a modern office building, trees, and two people sitting at a desk with computers. A light fixture is shown above the desk.

Participates in Low-carbon Office Operation Programme

In 2015, the Company replaced a series of electric equipment in accordance with the Low-carbon Office Operation Programme held by World Wide Fund (WWF) to maximize our efforts in reducing energy consumption. The Company upgraded all waste fluorescent tubes from level 1 to level 3 so that each lamp could save 75% energy consumption; it purchased refrigerators with Grade 3 energy label and maintained avacancy rate of refrigerators at around 20% if possible, saving 35% electricity consumption of refrigerators when compared to the past; and adjusted the average room temperature upward by 2 degrees for an equivalent lowering in energy consumption.

CORPORATE SOCIAL RESPONSIBILITY REPORT



Participates in Order less Waste less, more Blessings Campaign

In 2015, the Company participated in the “Order less Waste less, more Blessings” Campaign held by Friends of the Earth and encouraged employees to take part in “Clear your plate” and “Take away the leftovers”. After one year, the Company was awarded participation award by the organizing institution.

Participates in Lai See Packets Recycling Campaign

From 26 February to 11 March 2015, the Company has participated in “Lai See Packets Recycling Campaign” held by Greeners Action to encourage employees to recycle and reuse the used Lai See Packets. A total of 650 packets were collected in the campaign.



Environment and Natural Resources

“The operating activities of Huade Petrochemical have not significantly affected the central core of Daya Bay, nor the Northwest core, Southwest core, South core and core of protection of sea turtles were affected. Oil spill would cause certain effects to the buffer zone. However, it can effectively control over 95% of harm of oil spill by adopting contingency measures against the spread of oil spill.”

“Report on Environmental Impact of Expansion Project of Guangzhou Petrochemical Crude Oil Terminal”, the research of which was completed in 2005 by the Environmental Science Research Institute of Sun Yat-Sen University

Establishes thorough Contingency Plan against Pollution Incidents Caused by Oil Spills

The only possible risk of accidental contamination of Huade Petrochemical is from crude oil spill during loading and unloading. To prevent from oil spill, Huade Petrochemical has established an oil spill contingency plan with sufficient oil spill contingency equipment in place including oil containment boom (oil recovery rate of oil containment boom generally can reach 90%), oil collection machine and oil-absorbing roll. Huade Petrochemical also organizes regular drills to train staff from all departments to cooperate in handling oil spill, containing the affected area to within the sea areas in the vicinity of the pier.

In 2015, Huade Petrochemical added an oil spill alerting system at two oil terminals to make use of advanced technology for early detection so that any oil spill can be discovered in time and effectively controlled to prevent further deterioration of the situation.

As estimated by the Environmental Science Research Institute of Sun Yat-Sen University, through adoption of the above contingency measures, “one ton of oil spill at low tide would not affect the buffer zone of the sea area”, which can largely reduce the harm to the environment caused by possible oil spill incidents in the Company’s operation.



Operating Practices

The Group strictly complies with the laws and regulations of the places where company operates, constantly improves its corporate governance, strictly complies with the open and fair supplier tender mechanism and reviews it carefully. The business of the Group is operated with demanding and stringent standards, dedicated to provide satisfactory services for customers. Furthermore, being a storage and logistics company, safety monitoring and management are essential to the Company's survival and the fundamental whole-region development. To reinforce its safety foundation, the Group adopts measures such as regulating safety system, more stringent inspections and rectification, striving to maintain the safety, stability and effectiveness of production operation.

Supply Chain Management

An Open and Fair Tendering Mechanism for Suppliers

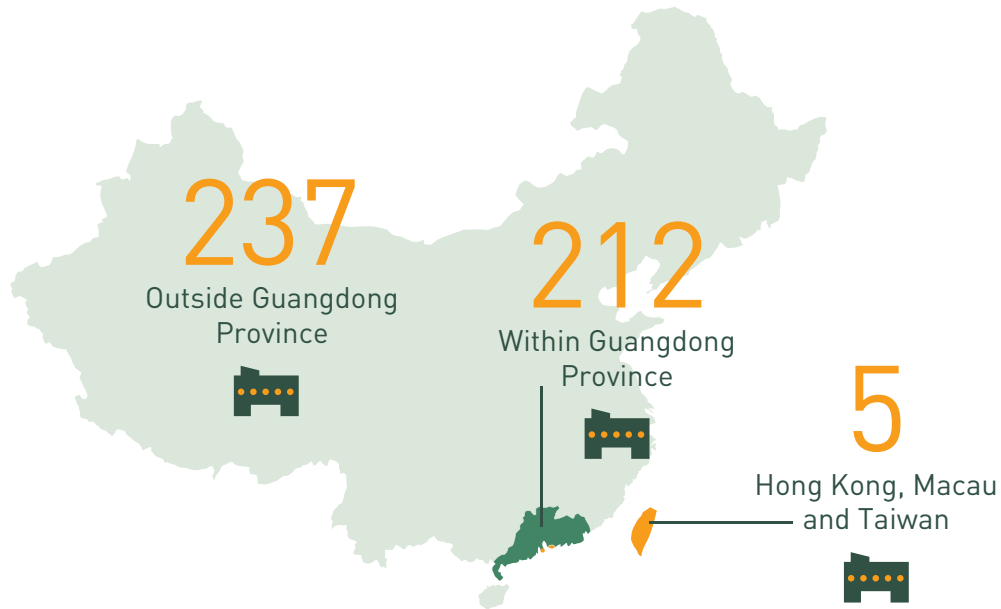
The Group cooperates with suppliers under the concept of "law compliance, openness, competitiveness, selection for quality and win-win basis" and continues to promote fair competition based on a continually improved tender management. The Group promotes "open access to tender information and announcement of non-tender information" for the purpose of implementing an open, transparent and positive tender management system. Huade Petrochemical implements entire process management and business work flow management including planning, purchasing and tendering through information management system of materials purchase, allowing information and results of materials purchase can be shared and traceable.

Unified System and Merit-based Competition

Huade Petrochemical adopts a unified supplier management system: suppliers who apply for joining Huade Petrochemicals hall file with the standardized information management system of Sinopec. After that, the quality, safety, manpower, environmental qualification and commercial reputation and record of operation which complies with laws of the supplier would be carefully assessed by the staff of the system. Any candidate having supply misconducts or improper competition behaviors within three years will be immediately disqualified.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Numbers of Suppliers of Huade Petrochemical on Geographical Basis



Management Mechanism of Reward and Punishment

Huade Petrochemical makes monthly assessment to its suppliers to examine the suppliers. It establishes a perfect incentive mechanism of suppliers to continue to optimize suppliers' structure and to cultivate its main supplier group and strategic supplier group. Suppliers with higher ranking in operating result would be first chosen when placing orders and sharing of demand information. A penalty system is also established and penalties in the form of warning, notification, suspension, cancellation and blacklisting will be given to underperforming suppliers.

Up to now, Huade Petrochemical has maintained good cooperation relationship with suppliers and the assessment passing rate of suppliers is 100%, which provides Huade Petrochemical with a stable supply base for its long-term development.

Service Responsibility

High Customer Satisfaction

The Group insists on promoting safe production, green production and resources-saving production, highly advocating ecologically-civilized construction and forming a resources-saving and environmental-friendly enterprise.

Huade Petrochemical conducts the business operation of Guangzhou Petrochemical include oil loading and unloading, storage and transportation, and always strives to provide on-time world-class services with stability, safety and low oil-spill rate. Since the commencement of operation, in line with safe production, Huade Petrochemical has guaranteed Guangzhou Petrochemical stable supply of crude oil. Over the years, both parties have cooperated well in smooth coordination. The excellent services of Huade Petrochemical ensure that Guangzhou Petrochemical can offer safe and stable production.

- **Timely and Stable Loading and Unloading of Crude Oil**

Huade Petrochemical strictly follows the production demand of Guangzhou Petrochemical, its downstream customer, in setting up the crude oil loading, unloading and delivery plan. During the implementation of the plan, Huade Petrochemical follows up the execution of the production plans from time to time during implementation and make dynamic adjustment to the production plan in time based on the actual condition with the seamless connection with Guangzhou Petroleum which guarantees the supply work of crude oil from Guangzhou Petroleum on the ground of safe production.

- **High Unloading Rate of Oil Tankers**

During the process of unloading crude oil, Huade Petrochemical, in compliance with state law and regulation, actively cooperates with the work in relation to measurement and sampling done by the government supervision department. At the same time, the process of unloading oil tankers is handled by designated personnel to make sure the unloading rate is at their utmost level.

- **Tank Transportation Safety**

Huade Petrochemical possesses storage tanks for 1,110,000 tank capacity in total. Pursuant to the relative criteria of "Regulations related to the safety design, construction and management in operation of the enormous petrified floating roof storage tanks in China", Huade Petrochemical formulated the "Regulations on the management of normal pressure storage tanks" and strictly put management of the storage tanks in practice to ensure the safe operations of storage tanks. At the same time, pursuant to the requirement of the regulations, Huade Petrochemical has formulated an over haul plan for its storage tanks, each year 2 storage tanks will be emptied for overhauled each year. Storage tank facilities will be always in perfect condition to ensure the quality services of Huade Petrochemical in crude oil loading, storage and transmission, which in turn guarantees the safe supply of crude oil to Guangzhou Petroleum.

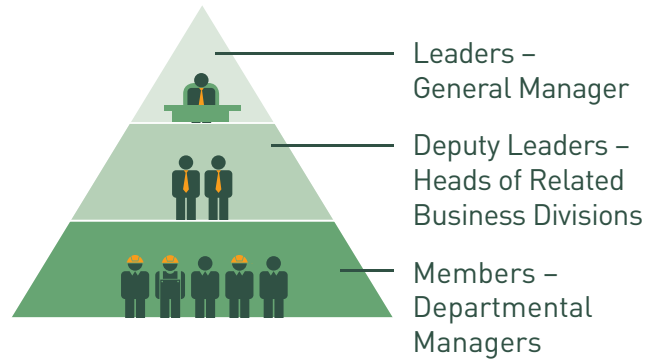
HUADE PERTOCHEMICAL DATA	2015	NUMBER OF COMPLAINT CASES	COMPLAINT RATE
Crude oil unloading services (ten thousand tonnes)	1213.709	0	0
Storage tanks services (ten thousand tonnes)	2596.4591	0	0
Crude oil transmission services (ten thousand tonnes)	1205.8089	0	0
Number of oil tankers	89	0	0

CORPORATE SOCIAL RESPONSIBILITY REPORT

Operational Safety

Safety is the cornerstone for the existence and development of the Company, without safety, the Company loses the basis to exist, not even to mention efficiency and development. The Group always insisted a safety management guideline of "safety first, prevention crucial", actively promoted health, safety, security and environment ("HSE") management system, increased the safety management and checking of the subsidiaries, set up a safety management system, and strived to achieve the safety regulatory standardization of the Group.

HSE Management System



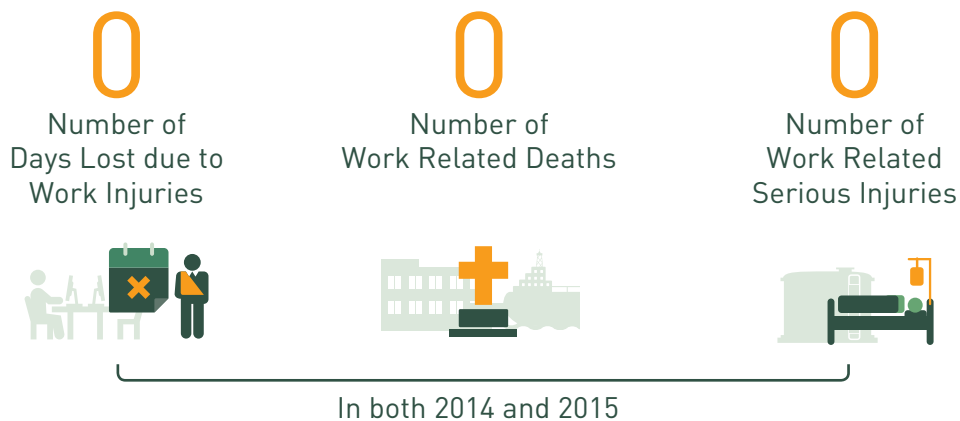
Much Strengthened HSE Framework

In 2015, the Company with risk management at its core fully advanced the establishment of HSE management system and continued to raise its HSE management standard. Combining the safety control standards of international oil terminal companies and our own actual conditions, the Company has set up HSE management system framework for the Company in 2015, which included, ten elements, one management handbook and 52 management system, which covered in full the HSE management work for headquarter of the Company and its subsidiaries. At present, the preparation work of the relevant system has almost been completed, the setting up of HSE management system has shown its prototype.

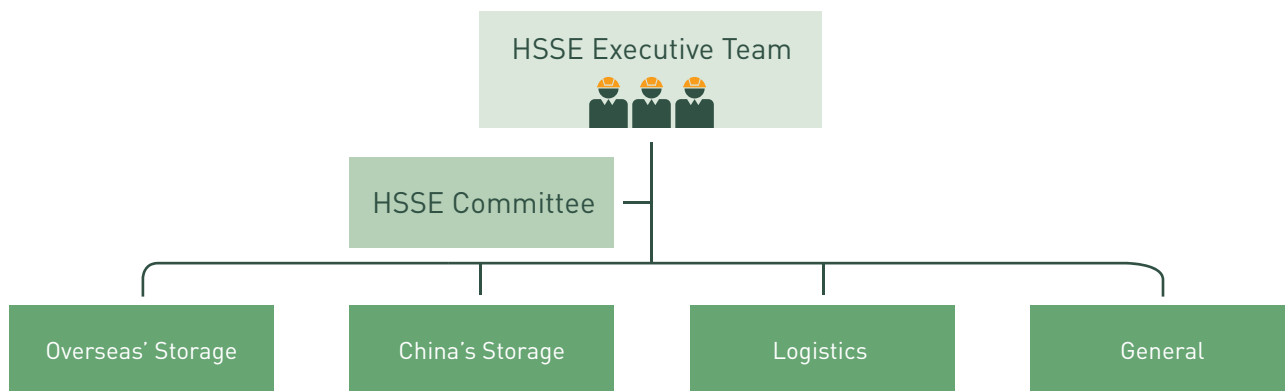
Optimized emergency system, and reinforced emergency response drill

Focus on the characteristics of subsidiaries of the Company which have extensive area, in order to satisfy the requirement of safety management system, the Company implemented an emergency management plan of the Company, and a general emergency plan and a specific emergency plan of the Company were revised and emergency task force was set up, which comprised general manager as the leader, heads of related business as deputy leaders and departmental managers as members. Each position has clearly defined roles and responsibilities which reinforced the contingency mechanism and framework.

Operational Safety Project



Safety Responsibility System



In order to reinforce the emergency rescue and accidents prevention, and to combine actual operation with the system, the Company organized a four-tier joint emergency response drill in May between the Vesta Terminal Company – Vesta Joint Venture – the Company – UNIPEC. Huade Petrochemical launched a sea oil spill response drill in December, internal organization and coordination and external communications and supports were examined, and on-site emergency response ability and reporting procedures of accidentals were also included. Through rehearsals, the suitability, effectiveness and operability of emergency plan were practically enhanced.

Establishes HSSE Committee, Enhances Safety Awareness

In order to define safety responsibility, and to enforce the professional management, based on the principle of “Person-in-charge is the Responsible Person”, the Company establishes HSSE Committees on the basis of HSSE executive team, responsible person of each department is the member of HSSE Committee, which consists four professional committees, namely, Overseas’ Storage, China’s Storage, Logistics and General. The Company promotes its headquarter staff to sign “HSSE undertaking letters”, to ensure each department and each position has its responsibility, and to promote the implementation of HSSE undertaking letters. The Company also promotes the system into its overseas joint ventures, and “2015 HSSE responsibility letter” was signed by PT. West Point Terminal.



CORPORATE SOCIAL RESPONSIBILITY REPORT

Establishes Mechanism of Regular Weekly Meetings

In order to ensure the standard of subsidiaries' safety management and to give instructions to resolve practical problems in safety management, the Company setup regular weekly meetings of the Safety Committee. During meetings, which is chaired by the managing director, the business department gives a weekly report on the conditions of safety production of subsidiaries, analyses problems and studies and formulates corresponding responses and plans. Rectification is carried out by subsidiaries under the supervision of the business department, forming a closed-loop management system. After one-year operation, the concept of safe production is firmly implanted and the quality of safety management has been effectively raised. The condition of our safety management has been significantly reshaped.

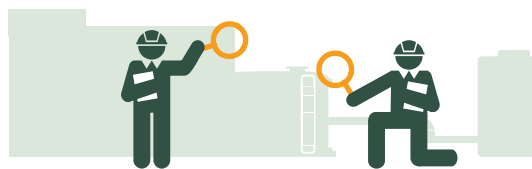
Increases Safety Monitor and Strict Control the Safety Production

In 2015, the Company placed strong emphasis on actively launching the examination of safety of subsidiaries, we strived to implement basic system of "inspection in place and effective rectification", so as to gradually form an effective working method.

With emphasis on new developments such as Fujairah Oil Terminal FZC began operation and the aging of Vesta Joint Venture facilities, the Company set stringent demands for management of HSSE, raising management standards and strengthening the safety management of each subsidiary. Meanwhile, business department of the Company and joint ventures set up safety incidents report, regular work meetings and regular inspections. Through weekly teleconferencing, the Company and joint ventures have the opportunities to analysis the problems in daily management, and rectification measures are formulated and the progress of rectification is monitored on an ongoing basis. The quality of safety management of joint ventures is therefore enhanced.

According to the deployment of the Group Company, the Company spot checked the work of "Rectification of Safety Hidden Risks of Petrochemical Enterprises" performed by seven domestic terminal companies in June, and strictly required each enterprise to implement the "Five Fixed" measure. At the end of June, self-checking work of seven terminal companies have been completed. Since August, the Company performed monthly safety checking on Huade Petrochemical, the Company's wholly-owned subsidiary, important production districts and places such as Mabianzhou first station, south stove oil depot and "Ma-Guang" long pipelines were all covered. After the explosion incident of Tianjian Port warehouse happened on 12 August, the Company performed a comprehensive safety checking to six domestic terminal companies, to check their safety hidden risks and to further enhance the safety management work. Besides regular inspections by the Company, Huade Petrochemical, our wholly-owned subsidiary, insists to organize and perform risks assessment in respect of material and intolerable risks and set up annual HSE working plan and arrange routine HSE inspections. Each team arranges staff to carry out daily checking at fixed intervals. On each Friday, self-inspection is organized by staff at their own stations. Comprehensive HSE examination is carried out quarterly. Specific inspection is arranged before the Chinese New Year and national day holidays. In March and September every year, lightning protection and electrostatic prevention inspection is arranged. Also, there are inspections for drainage and flood control before the raining season and for typhoon prevention before the typhoon season. Through these meticulous and practical inspections, Huade Petrochemical tries to extinguish any risks of accidents at the beginning stage.

Inspection in place and effective rectification



Solidifying Safety Foundation

In 2015, Huade Petrochemical is giving priority to manage and control the safety and operational risk of pipelines and fully strengthened the process of scheduled inspections and risks rectification involved in oil and gas pipelines. It is Huade Petrochemical's responsibility to secure the personal and property safety in the communities around our pipelines by establishing special workforce to carry out scheduled inspections and risks rectifications for the long gas pipelines and inter-factory pipeline and tanking facilities. A subordinated working group was formed to seriously organize the scheduled inspections and risks rectifications, and the 205 hidden risks found were analyzed and classified into grading. The rectification works of the hidden risks were implemented and the progress of which were monitored, so that it can be implemented on time.

In December 2015, general hidden risks rectification works were almost completed, the remaining five rectification works were performing in full, among which, three safety hidden risks belonged to material hidden risks of pipelines, the other two safety hidden risks belonged to tank's hidden risks, the grading of which belonged to material hidden risks and greater hidden risks. It is expected that the pipeline hidden risks will be completed on 1 January 2016.

Anti-Corruption

The Group continued to optimize system to strengthen supervision and identify and eliminate the risk of corruption. In 2015, the Company strictly implemented internal control and management system and enhanced procedural supervision. Projects were closely monitored according to the overall situation after considering all construction projects to severely avoid corruption.



Participating in Anti-corruption Law Seminars

In 2015, the Company organized staff to participate in two anti-corruption seminars, to work out the spirit of fighting against corruption and the awareness of the anti-corruption of staff was raised. On 12 March 2015, the Company arranged staff to attend the International Anti-corruption Laws Seminar held by Sinopec Group, at which the common issues that multinational corporations usually face with in fighting against bribery and corruption were illustrated, and specific risks coming with different business models of companies were also discussed.

On 17 September 2015, the Company arranged staff to attend the video seminar for antifraud organized by Sinopec Group, which was mainly related to fraud within a company and related risk management measures, the awareness of anti-corruption among our staff was raised.

(1) Legal case regarding corruption includes but not limited to bribery, blackmail, fraud and money laundering.

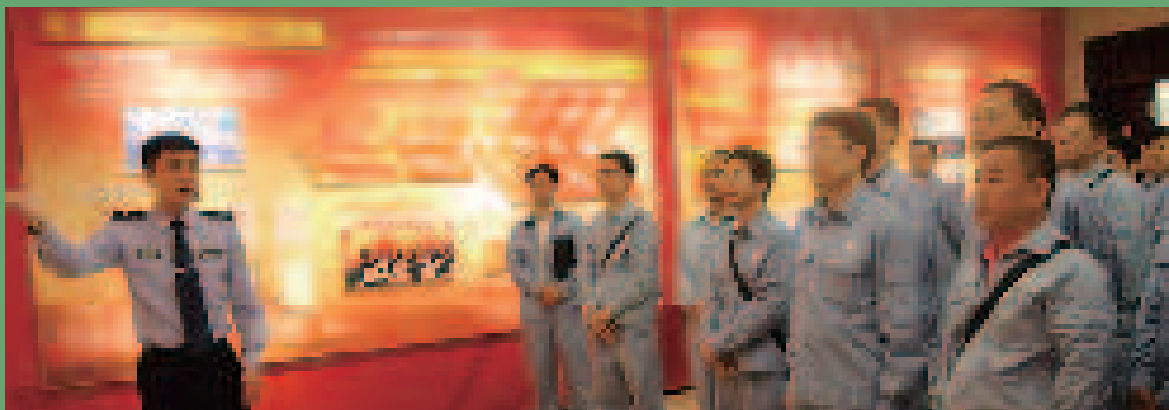
Participates in Anti-corruption Promotion and Education Workshop



On 13 January 2015, Huade Petrochemical organized the "2015 Anti-corruption Promotion and Education Workshop". 46 staff, including the senior management, all mid-level managers and risk management personnel, attended the workshop and watched micro movies on the theme of anti-corruption. Also, Anti-corruption Undertaking Letter of the Management of Huade Petrochemical was signed. Through such learning activity and the undertaking made, we believe that all staff will be alerted to any potential corruption and help to build a "Honesty working environment without corruption".

Visiting Anticorruption Education Center in Guangdong Province, the PRC

On 26 May 2015, to further raise the awareness of anti-corruption among the staff, Huade Petrochemical organized a visit to Guangdong Province Anti-corruption Education Center for staff from various departments. The activity, on the theme of "Fighting against and Being Alerted to Corruption", focused on education by illustrating the idea of anti-corruption with talks, photo displays, physical simulation, multimedia interaction, monitoring image of prison and screen projection, making up a lively presented, innovative and impressive anti-corruption lesson for our staff.





Community Involvement

The Group insists to combine the development of the Company with the sustainable development of the community where our business is located, actively participates in the building up of the community, brings the relationship between the Company and the society closer, promotes the harmonic development of the economy and community, and becomes a good neighbor of the community. In particular, human resources were invested into aspects such as caring for the physical and mental health of elderly people and young people, and to construct a clean society, and undertake social responsibilities.

Community Investment



Fund Donation to Subsidize Poor Students in Under-privileged Schools

In August 2015, the Company organized staff to participate in a Donation campaign for funding underprivileged schools in poor regions, organized by Sinopec Corp. and UNIPEC. It was led by leaders from the Group headquarter and went to the poor regions in Hunan for fund donation. All donations were used to buy teaching materials for local schools to help local students to have better growth and learning.

CORPORATE SOCIAL RESPONSIBILITY REPORT



Building Small Flowery Pond for Community Environmental Improvement

In July 2015, during rectification of defects of Huiyang long pipeline section, Huade Petrochemical discovered that part of the area along the Qiuzhang town pipeline was affected by a stone factory nearby as too many stones and debris were found at a distance of 60m along the pipeline and surrounding areas. This created certain potential safety hazards and damaged the environment.

In order to improve the environment of the community, and bring convenience to its residents, Huade Petrochemical spent approximately RMB100,000 and spent some 20 days to organize staff of the company to clear stones and debris in such sections. After clearing, Huade Petrochemical built a small flowery pond in such area, which eliminated the hidden risks of the pipeline and also improved the environment, and was highly praised by the local residents.



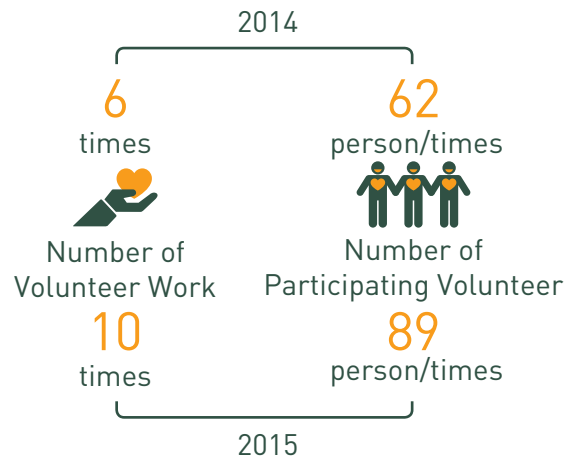
Protect Student Safety, Closer Relationship between the Company and Local Government

In 2015, during the elimination of the potential hazards of the “Nan-Guang” long distance pipeline, Huade Petrochemical discovered that such pipeline passed through the playground of Huizhou City Zhongkai District Huake Lilin School. In order to eliminate the safety hazard, Huade Petrochemical spent RMB600,000 and spent over 1 year’s time to negotiate and communicate with the local government, the school and other related parties, to segregate part of the school playground and removed the potential safety hazards of the long distance pipeline.

In order to have a better exercise place for the students in the school, after that, Huade Petrochemical donated two sets of basketball stands which worth RMB11,200 to Huake School for students to do more exercises.

Community Participation

In 2015, staff of the Group actively participated in volunteer work, and displayed an excellent team spirit and cohesion. Plenty of social service works not only enhanced the corporate image of the Company, such that the Company can have a better social relationship, and also harmonious and positive interaction between the Company and society can be effectively achieved.



Participation in “Care for the Elderly” Volunteer Activity



In the morning on 11 January 2015, 17 staff of Huade Petrochemical went to an elderly home in Xin Wei County in Huizhou to provide volunteer service in the “Caring for the Elderly” campaign to clean the home for the elderly people living alone. Through this activity, not only the living environment of the elderly living alone was greatly improved, they could also feel the warmth from the volunteers.

Participates in “Coastal Watch” Charity Activity

On 30 May 2015, the Company and marine scientists of the Worldwide Fund for Nature and the local residents of Discovery Bay jointly carried out a cleanup and research campaign at the beach of Discovery Bay in Hong Kong. This was a continuation of last year’s related campaign. Through this campaign, the staff discovered that 80% of the coastal trash was man-made, every participant said that in the future they would use less plastic products so as to help reducing waste and preserving the ocean.

8 staff were awarded cleaning certificates for their participation in one time of sea cleaning and one training program, and 9 staff were awarded cleaning awards for their participation in two times of sea cleaning and two training programs.



Participates in “Flag-selling Donation” Charity Activity



On 10 April 2015, in order to build a harmonious and helpful environment and perform corporate responsibility, the Company organized staff to participate in the flag-selling at four different locations of the MTR Admiralty Station in Hong Kong to raise fund for the Hong Kong Children and Youth Services to support their work in helping the young people and underprivileged in the society. All staff participated in the activity were awarded service certificates by the organization.

Participates in “Hong Kong Beach and Country Park Concern Group” Charity Activity

In order to support the environmental protection work in Hong Kong and to establish a good corporate image, the Company organized staff to participate in the community work organized by “Hong Kong Beach and Country Park Concern Group” which was formed by the Hong Kong Representative Office of Sinopec on 25 April 2015 and 9 August 2015. They actively responded to the call of Hong Kong government and participated in rubbish clearing activity held in Lung Kwu Tan, Tuen Mun.



The “Love my Park and Cleaning Comes First” Charity Activity

On 29 April 2015, Huade Petrochemical organized staff to participate in a charity activity with the theme of “love my park and cleaning comes first” held in Huizhou Daya Bay Development Zone, and contributed to the environmental improvement of the community.



Participates in “Climbing at Chongyang Festival, Environmental Protection by the Youth”

On 21 October 2015, Huade Petrochemical organized over 20 staff went to Yagong Peak Forest Park at Huiyang District, Huizhou to launch a voluntary activity with the theme of “Climbing at Chongyang Festival, Environmental Protection by the Youth” To clear up public rubbish at the two sides of Yagong Peak Road. During climbing and clearing rubbish, young staff lived out the spirits of “not afraid of dirt and not afraid of tiredness” and “every one has responsibility to support environmental protection”. Yagong Peak Road had a new look after one hour’s effort.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Chen Bo (Chairman)
Mr. Xiang Xiwen (Deputy Chairman,
appointed on 14 December 2015)
Mr. Zhu Zeng Qing (Deputy Chairman,
resigned on 14 December 2015)
Mr. Dai Liqi (Appointed on 14 December 2015)
Mr. Zhu Jian Min (Resigned on 14 December 2015)
Mr. Li Jianxin (Appointed on 14 December 2015)
Mr. Tan Ke Fei (Resigned on 14 December 2015)
Mr. Wang Guotao (Appointed on 14 December 2015)
Mr. Zhou Feng (Resigned on 14 December 2015)
Mr. Ye Zhijun (Managing Director)

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE MEMBERS

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

REMUNERATION COMMITTEE MEMBERS

Ms. Tam Wai Chu, Maria
Mr. Chen Bo
Mr. Fong Chung, Mark
Dr. Wong Yau Kar, David
Mr. Ye Zhijun

NOMINATION COMMITTEE MEMBERS

Dr. Wong Yau Kar, David
Mr. Chen Bo
Ms. Tam Wai Chu, Maria
Mr. Fong Chung, Mark
Mr. Ye Zhijun

COMPANY SECRETARY

Mr. Li Wen Ping
Mr. Lai Yang Chau, Eugene (Practising Solicitor)

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Stock Code: 0934