中石化冠德控股有限公司
SINOPEC KANTONS HOLDINGS LIMITED
(Incorporated in Bermuda with Limited Liability)

Stock Code: 0934.HK

2024 Annual Report

DESIGN CONCEPT

The front cover shows the stable development of three major businesses of Sinopec Kantons, coupled with a promising outlook. The use of hot-stamped blue dots is associated with various major businesses, symbolising continuous expansion and infinite breakthroughs of the Company in the future, as well as its unparalleled achievements among its peers.

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Strive to become

A WORLD-CLASS

International Petrochemical Storage and Logistics Company

COMPANY AT A GLANCE

CRUDE OIL JETTIES

7

TOTAL DESIGNED ANNUAL THROUGHPUT CAPACITY OF JETTIES

291 mm tonnes

TOTAL NUMBER OF BERTHS

38

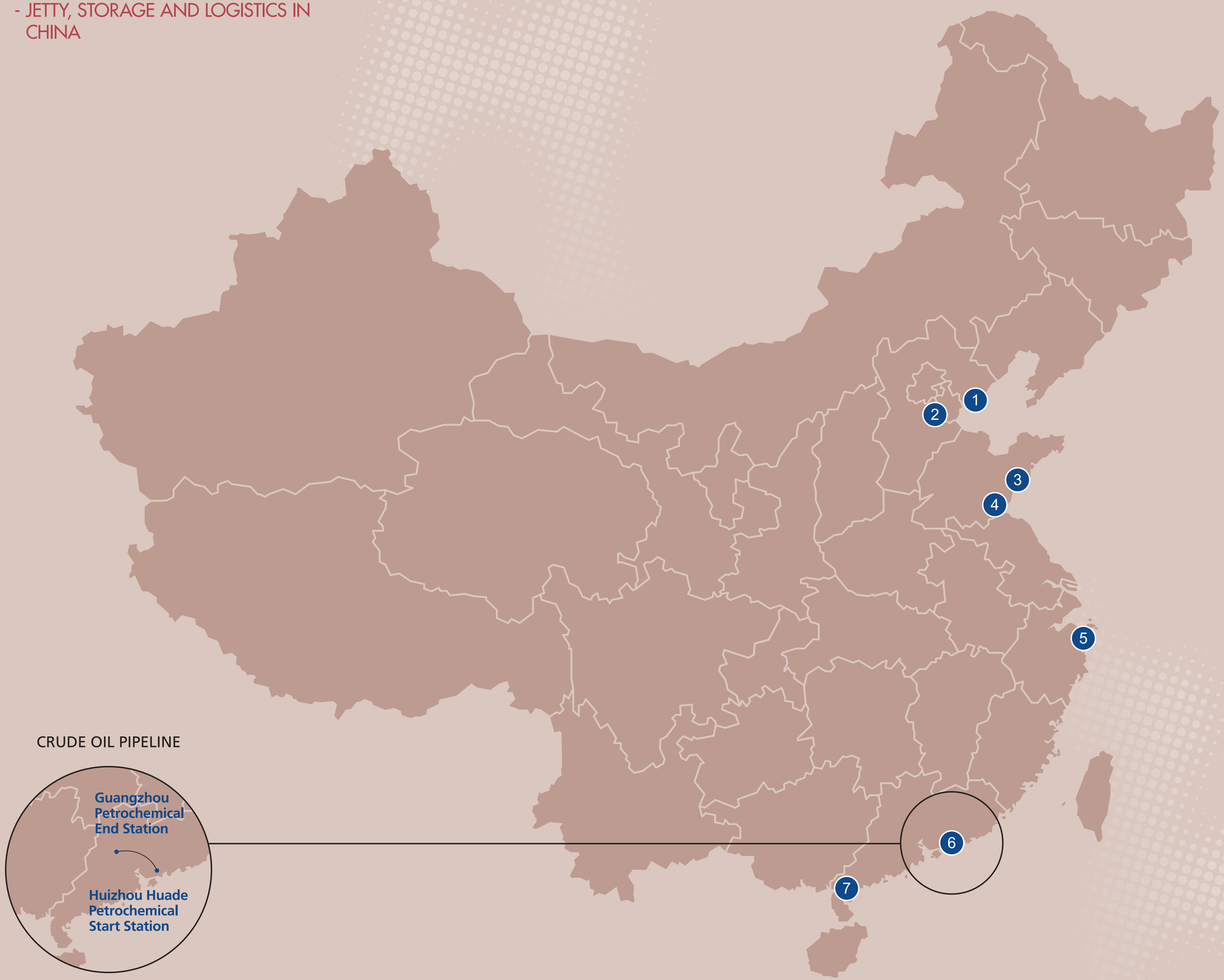
TOTAL LENGTH OF CRUDE OIL PIPELINE

174 km

JETTY, STORAGE AND LOGISTICS IN CHINA

COMPANY AT A GLANCE

- JETTY, STORAGE AND LOGISTICS IN CHINA



1. TANGSHAN CAOFEIDIAN SHIHUA

Berth: **1**
Largest tanker capacity: **300,000 tonnes**
Designed throughput capacity: **20mm tonnes p.a.**

2. TIANJIN PORT SHIHUA

Berth: **1**
Largest tanker capacity: **300,000 tonnes**
Designed throughput capacity: **20mm tonnes p.a.**

3. QINGDAO SHIHUA

Berth: **13**
Largest tanker capacity: **300,000 tonnes**
Designed throughput capacity: **84mm tonnes p.a.**
Storage capacity: **1.032mm m^3**

4. RIZHAO SHIHUA

Berth: **3**
Largest tanker capacity: **300,000 tonnes**
Designed throughput capacity: **56mm tonnes p.a.**

5. NINGBO SHIHUA

Berth: **3**
Largest tanker capacity: **450,000 tonnes**
Designed throughput capacity: **35mm tonnes p.a.**

6. HUIZHOU HUADE PETROCHEMICAL

Berth: **4**
Largest tanker capacity: **300,000 tonnes**
Designed throughput capacity: **31.9mm tonnes p.a.**
Storage capacity: **1.34mm m^3**
Length of crude oil pipeline: **174 km**

7. ZHAN JIANG PORT PETROCHEMICAL

Berth: **13**
Largest tanker capacity: **300,000 tonnes**
Designed throughput capacity: **44mm tonnes p.a.**
Storage capacity: **1.008mm m^3**

COMPANY AT A GLANCE

STORAGE AND LOGISTICS OUTSIDE CHINA

TOTAL CAPACITY OF OVERSEAS STORAGE

2.48 mm m^3

STORAGE FACILITIES COVERAGE

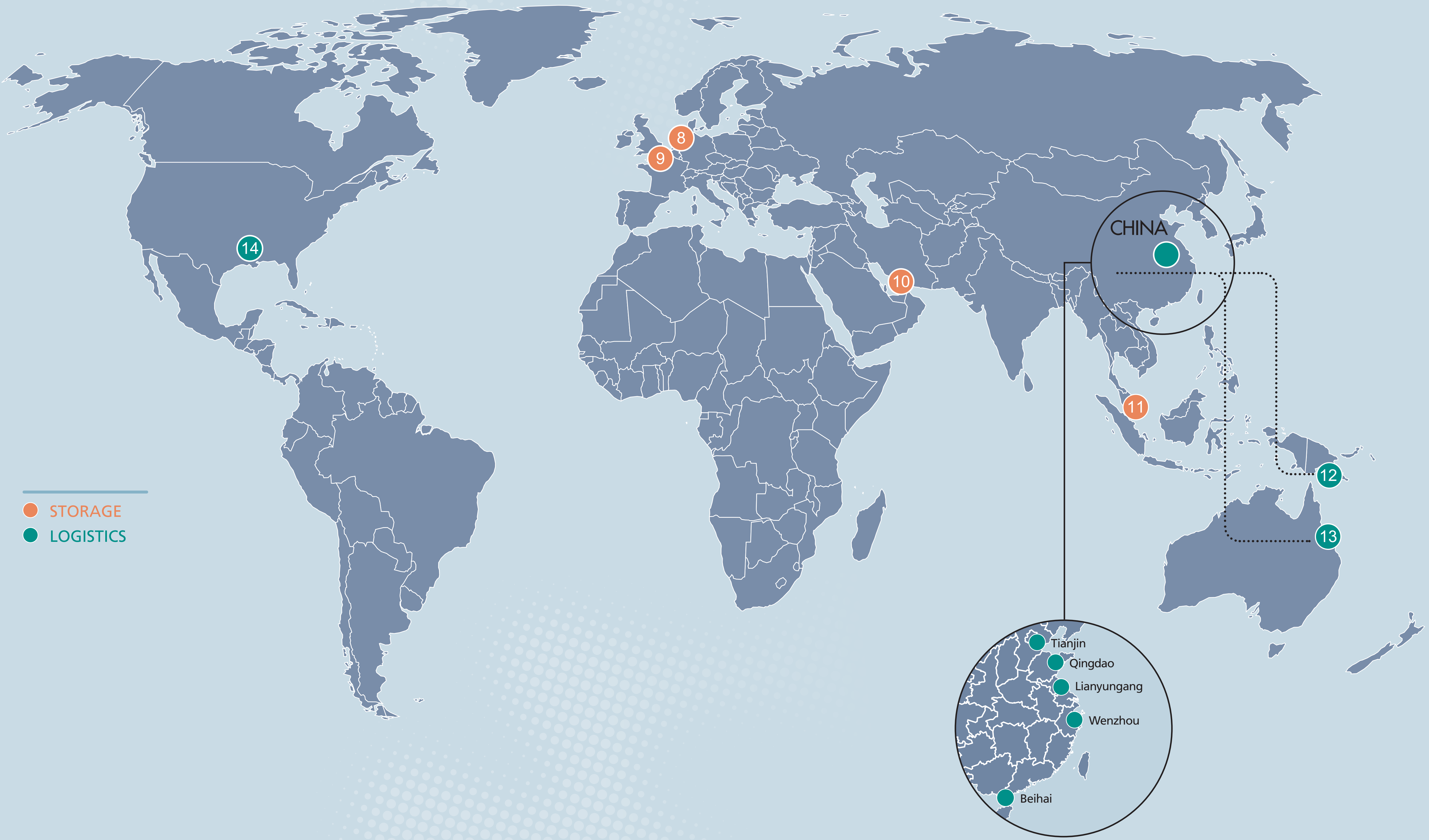
3 countries

NUMBER OF LNG VESSELS (IN OPERATION)

8 vessels

COMPANY AT A GLANCE

- STORAGE AND LOGISTICS OUTSIDE CHINA



STORAGE

8. VESTA TERMINAL FLUSHING, THE NETHERLANDS, EUROPE

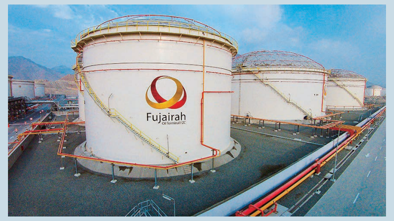
Storage tank: **27**

Storage capacity: **388,500 m³**

9. VESTA TERMINAL ANTWERP, BELGIUM, EUROPE

Storage tank: **45**

Storage capacity: **934,000 m³**



10. FUJAIRAH OIL TERMINAL, UNITED ARAB EMIRATES, MIDDLE EAST

Storage tank: **34**

Storage capacity: **1.155mm m³**

11. BATAM ISLAND, INDONESIA

The Board has decided to cease to proceed with the Batam Project

LNG VESSELS

12. PAPUA NEW GUINEA LNG PROJECT

Vessel: **2**

Each vessel capacity: **172,000 m³**

13. AUSTRALIA PACIFIC LNG PROJECT

Vessel: **6**

Each vessel capacity: **174,000 m³**

14. US VENTURE GLOBAL LNG PROJECT (UNDER CONSTRUCTION)

Vessel: **3**

Each vessel capacity: **175,000 m³**

CHAIRMAN'S STATEMENT

IN 2024, WITH THE PRESSURE ON THE GLOBAL ECONOMIC RECOVERY, SLOWDOWN OF ECONOMIC GROWTH AND ESCALATING GEOPOLITICAL RISKS, THE GROWTH OF GLOBAL TRADE AND INVESTMENT WAS HINDERED AND INTERNATIONAL OIL PRICES SHOWED A TREND OF WIDE FLUCTUATION AS A WHOLE. DOMESTICALLY, THE ECONOMY SHOWED A GENERALLY BOTTOMING-OUT RECOVERY FOLLOWING THE DOWNTREND. THE GOVERNMENT PROMPTLY IMPLEMENTED A SERIES OF POLICY MEASURES TO MAINTAIN ECONOMIC STABILITY AND PROMOTE RECOVERY, WHILE CONTINUOUSLY SOLIDIFYING THE POSITIVE MOMENTUM. FACING THE SEVERE AND COMPLEX CIRCUMSTANCES, SINOPEC KANTONS HOLDINGS LIMITED (THE "**COMPANY**") AND ITS SUBSIDIARIES (COLLECTIVELY, THE "**GROUP**") TACKLED THE TOUGH CONDITIONS AND OVERCAME VARIOUS CHALLENGES, WHILE STRIVING TO IMPROVE QUALITY AND EFFICIENCY TO MAINTAIN STABLE AND ORDERLY PRODUCTION AND OPERATIONS, THEREBY ACHIEVING NEW BREAKTHROUGHS IN ITS CORE BUSINESSES. ON BEHALF OF THE BOARD (THE "**BOARD**") OF DIRECTORS (THE "**DIRECTORS**") OF THE COMPANY, I WOULD LIKE TO EXPRESS MY SINCERE GRATITUDE TO THE SHAREHOLDERS AND STAKEHOLDERS FOR THEIR CONCERN AND SUPPORT, AND TO ALL STAFF FOR THEIR HARD WORK AND DEDICATION.

Dear Shareholders,

In 2024, the Board adhered to the established development strategy, while steadily advancing the high-quality development, improving its corporate governance, and strengthening its safety and risk control. The Group made efforts to promote and expand its core businesses. In 2024, Huade Petrochemical Co., Ltd. ("**Huade Petrochemical**") in Huizhou Daya Bay, a wholly-owned subsidiary of the Company, successfully unloaded its first naphtha vessel. For the year ended 31 December 2024 (the "**Year**" or "**Reporting Period**"), the Group recorded a revenue of approximately HK$667 million, representing a year-on-year increase of approximately 9.38%. Due to the decline in the domestic market demand for oil products and the reduced processing loads by some customers of refineries, the related investment return of the Company has declined, coupled with a year-on-year increase in the net foreign exchange losses of the Group; for the year ended 31 December 2024, the Company's profit was approximately HK$1,177 million, representing a year-on-year decrease of approximately 9.33%, which was translated into a profit attributable to the Company's equity holders of approximately HK47.36 cents per share. Taking into account the Group's cash flow conditions and future development needs, the Board recommended the payment of a cash dividend of HK25 cents per share for 2024 full year, and after deducting the interim cash dividend of HK10 cents per share paid, a final cash dividend of HK15 cents per share for 2024 was recommended, which stays the same as the previous year.

During the Reporting Period, Huade Petrochemical strived to open up markets and make full use of the surplus capacity of the existing terminal to provide a third-party customer with unloading services, while maintaining the stability of its existing businesses. During the Reporting Period, Huade Petrochemical completed the construction project for upgrading and transformation of Mabianzhou jetty facilities to officially launch its new business in naphtha unloading, thus laying the foundation for the improvement in the corporate efficiency of Huade Petrochemical in the future. During the Reporting Period, Huade Petrochemical unloaded crude oil from 109 tankers, with successfully unloaded crude oil of approximately 13.92 million tonnes, representing a year-on-year increase of approximately 16.49% and transmitted crude oil of approximately 11.89 million tonnes, representing a year-on-year increase of approximately 7.80%. Huade Petrochemical has recorded a revenue of approximately HK$667 million, representing a year-on-year increase of approximately 9.38%, and the segment results from Huade Petrochemical amounted to approximately HK$269 million, representing a year-on-year increase of approximately 25.41%.

During the Reporting Period, in face of the severe market conditions and the pressure on production and operation brought about by the international turmoils and the slowdown of domestic economic growth, operating entities of the Company, namely Zhan Jiang Port Petrochemical Jetty Co., Ltd. ("**Zhan Jiang Port Petrochemical**"), Qingdao Shihua Crude Oil Terminal Co., Ltd. ("**Qingdao Shihua**"), Ningbo Shihua Crude Oil Terminal Co., Ltd. ("**Ningbo Shihua**"), Rizhao Shihua Crude Oil Terminal Co., Ltd. ("**Rizhao Shihua**"), Tianjin Port Shihua Crude Oil Terminal Co., Ltd. ("**Tianjin Port Shihua**") and Tangshan Caofeidian Shihua Crude Oil Terminal Co., Ltd. ("**Caofeidian Shihua**") (collectively, the "**Six Domestic Terminal Companies**"), on the basis of improving the level of safety management, continued to control various costs, improved the unloading efficiency of crude oil, and reduced demurrage costs. In 2024, due to the decline in domestic demand for crude oil, the continuously decreasing proportion of petrochemical energy consumption, and the low demand in the refined oil market, etc., the initiatives in production of refineries decreased, especially for the local refineries; together with the impact of the installation of vapor recovery device in Ningbo Shihua on its throughput, the aggregate terminal throughput of the Six Domestic Terminal Companies amounted to approximately 190 million tonnes, representing a year-on-year decrease of approximately 9.09%, which generated a total investment return of approximately HK$581 million for the Company, representing a year-on-year decrease of approximately 25.61%.

During the Reporting Period, the Port of Fujairah became increasingly crucial as a blending port. Fujairah Oil Terminal FZC ("**FOT**"), a joint venture of the Company in the Middle East, made every effort in market expansions and continuously increased the level of rental rates while ensuring a 100% occupancy rate of storage tanks. In addition, the pipeline project connecting the storage area of FOT to the very large crude carrier ("**VLCC**") terminal at the port was officially completed by the end of 2024. With the completion of this project, FOT has become the only entity in the Port of Fujairah directly connected to both the 300,000-tonne VLCC terminal and the 200,000-tonne terminal, thus facilitating the provision of more efficient and high-quality storage and operational services for customers. In 2024, FOT generated an investment return of approximately HK$125 million for the Company, representing a year-on-year increase of approximately 19.05%. In 2024, Vesta Terminals B.V. in Europe ("**Vesta**"), a joint venture of the Company, further increased its efforts in market development, resulting in the improvement in both the levels of occupancy rates and average rents of storage tanks. In addition, as Vesta disposed of Vesta Terminal Tallinn ("**VTT**"), a then company under Vesta in Estonia, the loss incurred in relation to Vesta during the Reporting Period was reduced and the overall operating results increased accordingly. In 2024, Vesta achieved an investment return of approximately HK$28.65 million for the Company, representing a year-on-year increase of 137.17%. Vesta has attached great importance to the transformation trend of green energy and asset appreciation and currently explored the feasibility of green ammonia unloading and storage project with potential customers. At the same time, it planned to commence a project connecting Vesta Terminal Antwerp ("**VTA**"), a wholly-owned subsidiary of Vesta in Belgium, with the new terminal at the Port of Antwerp in order to increase the berth capacity of VTA.

During the Reporting Period, a liquefied natural gas ("**LNG**") vessel that experienced equipment failure at the end of 2023 has been repaired and resumed operation. The eight LNG vessels under the Group have been operating stably then, and have completed a total of 103 voyages, which generated an investment return of approximately HK$120 million for the Company, representing a year-on-year increase of approximately 51.28%. It was mainly due to the completion of repairs and return to operation of a LNG vessel that broke down at the end of 2023. In 2024, the Group further invested in the construction of the transportation project of Venture Global LNG, with three LNG vessels expected to be completed and launched successively between 2027 and 2028.

Looking ahead to 2025, the global economy is expected to demonstrate complex and dynamic characteristics. The rise of emerging markets and profound reforms in industrial structures will bring new growth momentum to the global economy. However, unpredictable factors such as geopolitical tensions and uncertainties of policies in various countries persist. Domestically, the economy is expected to maintain steady growth as various policies are implemented, but potential conflicts in trading have added uncertainties to the macro-environment. The Board will continue to adhere to the ideology of high-quality development, make scientific plannings, strive to expand core businesses, explore business transformation, actively respond to various risks, and create sustained value for the shareholders of the Company.

By order of the Board
Sinopec Kantons Holdings Limited
Zhong Fuliang
Chairman

Hong Kong, 17 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the audited financial statements of the Group and their notes set out in this annual report. Parts of the financial information referred to below are extracted from the audited financial statements of the Group prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRS").

In 2024, the global economic recovery was under pressure, with geopolitical risks continuing to spill over, affecting global trade and investment growth, while international oil prices generally showed a wide fluctuation trend; the domestic economy in China as a whole showed the trend of bottoming out and rebounding after falling first. The Group adhered to its established development strategy, steadily promoted high-quality development, improved the corporate governance and strengthened the safety risk management. The operating results of domestic jetty companies declined due to the impact of demand for oil products, while investment returns from overseas storage business, vessel chartering and logistics business increased.

1. CONSOLIDATED RESULTS

Revenue, Gross Profit and Operating Profit

For the year ended 31 December 2024 (the "**Year**" or the "**Reporting Period**"), the revenue of the Group amounted to HK$667,091,000 (2023: HK$609,872,000), representing a year-on-year increase of approximately 9.38%; the gross profit amounted to approximately HK$323,722,000 (2023: HK$258,323,000), representing a year-on-year increase of approximately 25.32%. The year-on-year increase in revenue and gross profit was mainly related to the increase in throughput quantity from the customers in 2024, including a third party customer, making better use of Huade Petrochemical's existing surplus terminal capacity. Among which, the faster growth in gross profit is mainly due to an increase in the throughput of Huade Petrochemical and its cost control; the operating profit amounted to approximately HK$174,008,000 (2023: HK$186,924,000), representing a year-on-year decrease of approximately 6.91%, which was mainly attributable to a year-on-year increase in net exchange losses as a result of the Group's conversion of Renminbi dividends from its operating entities to HKD/USD and the foreign currency exposure in terms of book value in USD in 2024.

Other Income and Other Gains, Net

For the year ended 31 December 2024, the Group's other income and other gains, net amounted to approximately HK$982,000 (2023: HK$80,611,000), representing a year-on-year decrease of 98.78%, which was mainly due to a year-on-year increase in the Group's net exchange losses in 2024.

Finance Income

For the year ended 31 December 2024, the Group's finance income amounted to approximately HK$259,652,000 (2023: HK$237,262,000), representing a year-on-year increase of approximately 9.44%, which was mainly attributable to the year-on-year increase in interest income from deposits as a result of the year-on-year increase in average balance of time deposits of the Group during the Year.

Share of Results of Joint Ventures

For the year ended 31 December 2024, the Group's share of results of joint ventures was approximately HK$695,960,000 (2023: HK$798,346,000), representing a year-on-year decrease of approximately 12.82%, which was mainly due to the decrease in market demand, the throughput of domestic jetty companies has declined year-on-year, resulting in a decrease in investment returns.

Share of Results of Associates

For the year ended 31 December 2024, the Group's share of results of associates was approximately HK$159,072,000 (2023: HK$179,346,000), representing a year-on-year decrease of approximately 11.30%, which was mainly due to a decrease in throughput of Zhan Jiang Port Petrochemical, an associate of the Company, resulting in a decline in its operating results.

Profit before Income Tax and Profit for the Year

For the year ended 31 December 2024, the Group's profit before income tax amounted to approximately HK$1,286,992,000 (2023: HK$1,400,796,000), representing a year-on-year decrease of approximately 8.12%; and the Group's profit for the Year amounted to approximately HK$1,177,400,000 (2023: HK$1,298,486,000), representing a year-on-year decrease of approximately 9.33%, was mainly due to a year-on-year decrease in investment returns from the domestic jetty companies attributable to the Group, as well as a year-on-year increase in net exchange losses.

2. SEGMENT INFORMATION

In 2024, the Group had two business segments, namely the crude oil jetty and storage business and the vessel chartering and logistics business. The segment reports of the Group for the year ended 31 December 2024 are set out in note 5 to the consolidated financial statements.

For the year ended 31 December 2024, the segment revenue and segment results of the Group's crude oil jetty and storage business were approximately HK$667,091,000 (2023: HK$609,872,000) and HK$1,004,618,000 (2023: HK$1,113,278,000) respectively, representing a year-on-year increase of approximately 9.38% and decrease of approximately 9.76% respectively. In 2024, as for the crude oil jetty and storage business segment, due to the continuous decline in the proportion of petrochemical energy consumption, the decline in the domestic market demand for oil products, the reduced processing loads by some customers of refineries, especially in local refineries, the total throughput of domestic jetty companies was affected, and the results of this segment declined.

For the year ended 31 December 2024, the domestic natural gas imports continued to grow steadily, the segment results of the Group's vessel chartering and logistics business were approximately HK$119,539,000 (2023: HK$79,017,000), representing a year-on-year increase of approximately 51.28%. As for the vessel chartering and logistics business segment, the LNG vessel logistics of the Group basically maintained steady operations, and a LNG vessel with equipment failure at the end of 2023 has been repaired and resumed normal operation in June 2024, resulting in the year-on-year increase of this segment results in 2024.

3. FINANCIAL POSITION

Right-of-use Assets

As at 31 December 2024, the Group's right-of-use assets amounted to approximately HK$62,427,000 (as at 31 December 2023: HK$74,527,000), representing a decrease of approximately 16.24% as compared with the end of 2023, it was mainly due to the depreciation of rights-of-use assets such as properties and the land lease of the Company.

Interests in Associates

As at 31 December 2024, the Group's interests in associates amounted to approximately HK$934,993,000 (as at 31 December 2023: HK$1,075,260,000), representing a decrease of approximately 13.04% as compared with the end of 2023, it was mainly due to a year-on-year increase of dividends paid to the Company by Zhan Jiang Port Petrochemical in 2024.

Trade and Other Receivables

As at 31 December 2024, the Group's trade and other receivables amounted to approximately HK$179,715,000 (as at 31 December 2023: HK$922,118,000), representing a decrease of approximately 80.51% as compared with the end of 2023. The decrease was mainly attributable to the dividend receivable from a joint venture of the Group at the end of 2023 had been settled in January 2024.

Liquidity and Source of Finance

As at 31 December 2024, the Group's cash and cash equivalents and time deposits with original maturity of more than three months aggregately amounted to approximately HK$6,943,131,000 (as at 31 December 2023: HK$5,825,350,000), representing an increase of approximately 19.19% as compared with the end of 2023, which was mainly attributable to an increase in the interest received by the Group on deposits and dividends from some of its operating entities.

As at 31 December 2024, the Group had no bank loans and other borrowings.

Deferred Income Tax Liabilities

As at 31 December 2024, the Group's deferred income tax liabilities amounted to approximately HK$136,920,000 (as at 31 December 2023: HK$195,248,000), representing a decrease of approximately 29.87% as compared with the end of 2023. The decrease in deferred income tax liabilities was mainly due to the dividends received from some of domestic jetty companies and payment of the related dividend income tax in 2024.

Lease Liabilities

As at 31 December 2024, the Group's lease liabilities amounted to approximately HK$37,129,000 (as at 31 December 2023: HK$44,089,000), representing a decrease of approximately 15.79% as compared with the end of 2023. The decrease in lease liabilities was mainly due to rental payments made by the Group during the lease term within the Reporting Period in accordance with the relevant payment schedule.

Trade and Other Payables

As at 31 December 2024, the Group's trade and other payables amounted to approximately HK$145,904,000 (as at 31 December 2023: HK$181,442,000), representing a decrease of approximately 19.59% as compared with the end of 2023, which was mainly due to the payment of the construction payable of the upgrading and transformation project of Mabianzhou jetty facilities of Huade Petrochemical according to the progress of such project.

Income Tax Payable

As at 31 December 2024, the Group's income tax payable amounted to approximately HK$14,317,000 (as at 31 December 2023: HK$40,006,000), representing a decrease of approximately 64.21% as compared with the end of 2023, which was mainly attributable to a year-on-year increase in the prepayment of corporate income tax by Huade Petrochemical in 2024, resulting in the decrease in corporate income tax payable at the end of 2024 as compared with the end of 2023.

Current Ratio, Liabilities to Assets Ratio and Gearing Ratio

As at 31 December 2024, the Group's current ratio (current assets to current liabilities) was approximately 42.47 (as at 31 December 2023: 29.52), and its liabilities to assets ratio (total liabilities to total assets) was approximately 2.33% (as at 31 December 2023: 3.19%). As at 31 December 2024, the Group had no bank loans and other borrowings, and the gearing ratio (total bank loans and other borrowings to total equity) was nil (as at 31 December 2023: nil).

Capital Management

The senior management of the Company strives to optimises the structure of the Group's capital, which comprises of equity and borrowings. In order to maintain or adjust the capital structure of the Group, the senior management may cause the Group to issue new shares, adjust the capital expenditure plan, adjust the investment plan or adjust the proportion of short-term and long-term borrowings according to the Group's operating and investment needs. The senior management monitors capital on the basis of the current ratio and net debt-to-capital ratio (lease liabilities and trade and other payables less cash and cash equivalents divided by total equity).

The senior management's strategy is to make appropriate adjustments according to the Group's operating and investment needs and the changes of market conditions, and to maintain the current ratio and net debt-to-capital ratio at a range considered reasonable. The net debt-to-capital ratio of the Group was approximately -2.54% as at 31 December 2024. (The net debt-to-capital ratio of the Group as at 31 December 2023: -10.39%)

The capital management of the Group for the year ended 31 December 2024 is set out in note 3.2 to the consolidated financial statements.

Cash Flow Situation

For the year ended 31 December 2024, the Group's net cash inflow generated from operating activities amounted to approximately HK$88,785,000 (2023: HK$618,128,000), representing a year-on-year decrease in net inflow of approximately HK$529,343,000, which was mainly due to the concentrated collection of receivables from previous years by the Group in 2023, resulting in the year-on-year decrease in cash inflow generated from operating activities.

For the year ended 31 December 2024, the Group's net cash outflow used in investing activities was approximately HK$701,150,000 (2023: HK$704,754,000), representing a year-on-year decrease in net outflow of approximately HK$3,604,000, which was mainly due to a year-on-year increase in dividends received by the Group from its operating entities in 2024.

For the year ended 31 December 2024, the Group's net cash outflow used in financing activities amounted to approximately HK$629,581,000 (2023: HK$557,041,000), representing a year-on-year increase in net outflow of approximately HK$72,540,000, which was mainly due to the increase in the Company's dividend distribution to shareholders in 2024.

4. OTHER MATERIAL MATTERS

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

Save as disclosed in this annual report, the Company did not have any significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period. Save as disclosed in this report, as at 31 December 2024, the Board did not authorize the processing of material investments or addition of capital assets.

Exchange Rate Risk

The Company is engaged in petrochemical storage, jetty and logistics businesses in places including the PRC, Europe and United Arab Emirates through its subsidiaries, associates and joint ventures, which generate operating income in Renminbi, EUR and USD respectively. The declared dividends received by the Group will also fluctuate with the exchange rates of Renminbi, EUR and USD against HKD fluctuate, or when dividends are converted into foreign currencies, exchange losses may occur, and the Group faces the exchange rate risk to a certain extent. The Group had no financial instruments for exchange rate hedging purposes and other foreign currency investments. Please refer to the section headed "Risk Identification and Response Measures" for key response measures of the Group in relation to the exchange rate risk.

The exchange rate risk of the Group for the year ended 31 December 2024 is set out in note 3.1(a) to the consolidated financial statements.

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

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's cash flow interest rate risk primarily arises from variable-rate bearing assets, majority of which are bank deposits. Cash and deposits of the Group were placed with large financial institutions in Hong Kong, the PRC, and subsidiaries of China Petrochemical Corporation ("**Sinopec Group Company**"). During the Year, the Group strengthened its funds management and had actively negotiated with banks to strive for higher interest rate of deposits for the funds on hand. The Group had no financial instruments for interest rate hedging purposes.

The interest rate risk of the Group for the year ended 31 December 2024 is set out in note 3.1(b) to the consolidated financial statements.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The senior management of the Group prepares monthly cash flow budget to ensure that the Group will always have sufficient liquidity to meet its financial obligations as they fall due. If needed, the Group may consider to arrange and negotiate financing with financial institutions to reduce the Group's liquidity risk.

The liquidity risk of the Group for the year ended 31 December 2024 is set out in note 3.1(d) to the consolidated financial statements.

Contingent Liabilities and Assets Pledged by the Group

As at 31 December 2024, details of the assets pledged by the Group were as follows:

Guarantor	Beneficiary	Name of agreement	Content of clause	Date of agreement	Guarantee or pledge period	Pledge provided or guarantee balance as at 31 December 2024
Sinomart KTS Development Limited ("**Sinomart Development**")	FOT	Equity Pledge Agreement	Sinomart Development shall pledge its 50% equity interest in FOT to the banks which offered FOT the refinancing loan of US$280 million.	15 September 2021	Effective until full repayment of the loan	50% of shares of FOT held

Save as stated above, the Group did not provide any other financial assistance, guarantee or pledge of shares or assets for other companies as at 31 December 2024 and the date of this report.

As at 31 December 2024 and the date of this report, the Group had no contingent liabilities.

In support of the operational development of joint ventures and an associate, on 31 December 2024, the Company provided shareholder loans to the joint ventures and the associate. Taking into account the financial position, historical loss experience with these joint ventures and the associate, as well as other-forward looking information such as the macroeconomic factors affecting the settlement ability, the Group considers the credit risk associated with provision of loans to the joint ventures and the associate is low.

The maximum exposure to credit risk in respect of the loans to joint ventures and an associate and the key terms of the loans are set out in notes 13 and 14 to the consolidated financial statements respectively.

About the Batam Project

On 9 October 2012, the Company acquired 95% of the shares of PT. West Point Terminal ("**PT. West Point**") through Sinomart Development, its wholly-owned subsidiary, and proposed to invest in and construct the Batam Project in Indonesia via PT. West Point. Due to reasons of the minority shareholder from Indonesia, the project has been stopped and arbitration commenced in October 2016, and the Group received arbitral awards in its favour in December 2019. In the second half of 2021, the Group has engaged two consulting agencies, which were responsible for the oil storage and jetty of the project respectively, to jointly prepare an updated feasibility study report, thereby providing basis for subsequent decisions on the project. According to the feasibility report, the Batam Project was economically impractical due to factors including (a) the long-term impact of energy transition on the traditional oil storage market; and (b) increasing competition in respect of oil storage from the Singaporean region. Accordingly, the Board has decided not to continue to proceed with the Batam Project. In December 2022, as decided by the Board, the Company made a full provision for impairment of the construction in progress of the joint venture for the Batam project. Currently, the Company is continuing to actively participate in various feasible ways and means to maximize the success of the arbitration award in order to protect the legitimate rights and interests of the Company and its shareholders.

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

Employees, Emolument Policies and Training

As at 31 December 2024, the Group had a total of 220 employees.

The Company adheres to the philosophy of diversity and equal opportunities in employee recruitment, striving to ensure that the number of employees of different genders satisfies the Company's development needs. For specific proportions of employees by gender, please refer to the Environmental, Social and Governance (the "**ESG**") Report of the Group. Remuneration packages of employees, including basic salaries, bonuses and benefits-in-kind, are structured by reference to market terms and trends of human resources costs in various regions as well as employees' contributions based on performance appraisals. Subject to the profit of the Group and the performance of employees, the Group also provides discretionary bonuses to employees as an incentive for their greater contributions. In addition, the Group also makes contributions to the Mandatory Provident Fund Schemes in Hong Kong and the retirement benefit schemes in the PRC established for its Hong Kong employees and Chinese employees respectively in accordance with local laws and regulations. Please refer to note 9 to the financial statement "Employee Benefit Expenses" for details of remuneration of employees.

In 2024, the Group organized and carried out training activities on anti-corruption laws and regulations, management of network security and caring for mental health of employees, etc. For details, please refer to the Environmental, Social and Governance Report of the Group. Save for disclosed above, for the year ended 31 December 2024, the Company has not entered into and implemented any long-term incentive schemes.

REPORT OF THE DIRECTORS

The Board is pleased to submit the annual report and the audited consolidated financial statements for the year ended 31 December 2024.

PRINCIPAL PLACE OF BUSINESS

The Company is incorporated and domiciled in Bermuda and has its registered office in Bermuda at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is at 34/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong.

PRINCIPAL ACTIVITIES

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

An analysis of the principal businesses and segment information of the Group during the Year is set out in note 5 to the consolidated financial statements.

BUSINESS REVIEW AND OUTLOOK

For details of the business review including an analysis of the Group's performance using key financial performance indicators during the Reporting Period and prospect of the Group, please refer to the section headed "Chairman's Statement" on pages 4 to 7 of this annual report and the section headed "Management Discussion and Analysis" on pages 8 to 14 of this annual report.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Save as disclosed elsewhere in this report, there was no other significant event which has occurred after 31 December 2024 and up to the date of this report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group has adopted its risk management and internal control policy to monitor the continuous compliance with laws and regulations. For the year ended 31 December 2024, so far as the Company is aware, the Group has complied with relevant laws and regulations that have significant impacts on the Group in all material aspects, including, in particular, the Companies Act of Bermuda, the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange as well as the Environmental Protection Law, the Marine Environment Protection Law, the Labour Contract Law, the Production Safety Law and Law on Prevention and Control of Occupational Diseases of the People's Republic of China (the "**PRC**").

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, the Group's sales and purchases attributable to the major customers and suppliers of the Group respectively are set out below:

	Percentage of the Group's total amounts	
	Sales	Purchases
The largest customer	81%	N/A
Five largest customers in aggregate	97%	N/A
The largest supplier	N/A	11%
Five largest suppliers in aggregate	N/A	43%

Sinopec Group Company, the controlling shareholder of the Company, had beneficial interests in two of the five largest customers and none of the five largest suppliers of the Group.

Save as disclosed above, none of the Directors, their close associates, or any shareholders (which to the knowledge of the Board hold more than 5% of the issued shares of the Company) had any interests in any of the aforementioned suppliers or customers.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2024 and the financial position of the Group and the Company as at that date is set out in the consolidated financial statements on pages 71 to 144 of this annual report.

TRANSFER TO RESERVES

For the year ended 31 December 2024, profit attributable to equity holders of the Company, before dividends, of approximately HK$1,177,396,000 (2023: HK$1,298,612,000) has been transferred to reserves. As at 31 December 2024, the aggregate amount of reserves available for distribution to equity shareholders of the Company, including the contributed surplus and retained earnings, was HK$2,881,841,000 (2023: HK$3,030,977,000). Details of other changes in reserves are set out in the consolidated statement of changes in equity on pages 74 to 75 of this annual report.

KEY EVENT CALENDAR FOR SHAREHOLDERS – FINAL DIVIDEND

The Board recommended a dividend of HK25 cents per share for the whole year of 2024 (2023: HK25 cents per share) payable in cash, excluding the interim dividend of HK10 cents per share for 2024 (2023: HK10 cents per share) paid in cash on 27 September 2024, the final dividend of HK15 cents per share for 2024 (2023: HK15 cents per share) will be paid in cash to all shareholders whose names appear on the register of members of the Company on 15 July 2025 (Tuesday).

The register of members of the Company will be closed from 11 July 2025 (Friday) to 15 July 2025 (Tuesday) (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all share transfer documents, accompanied by the relevant share certificates, must be lodged with Tricor Investor Services Limited, the branch share registrar of the Company, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:00 p.m. on 10 July 2025 (Thursday). The cheques for dividend payment will be sent to shareholders on or about 25 July 2025 (Friday) if the resolution for the proposed final dividend is passed at the forthcoming annual general meeting.

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

KEY EVENT CALENDAR FOR SHAREHOLDERS – 2024 ANNUAL GENERAL MEETING

The Company will convene the 2024 annual general meeting on 26 June 2025 (Thursday), and the register of members of the Company will be closed from 20 June 2025 (Friday) to 26 June 2025 (Thursday) (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending the 2024 annual general meeting of the Company and voting at the meeting, all share transfer documents, accompanied by the relevant share certificates, must be lodged with Tricor Investor Services Limited, the branch share registrar of the Company at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:00 p.m. on 19 June 2025 (Thursday).

PRINCIPAL RISKS AND UNCERTAINTIES

For the description of the principal risks and uncertainties facing by the Company, please refer to the "Risk Identification and Response Measures" in the "Corporate Governance Report" on pages 48 to 50 of this annual report. The relevant discussion constitutes as part of the "Report of the Directors".

FIXED ASSETS

For the year ended 31 December 2024, the Group spent approximately HK$121,756,000 (2023: HK$78,672,000) on fixed assets. Details of movements in property, plant and equipment are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the year ended 31 December 2024 are set out in note 24 to the consolidated financial statements.

No shares of the Company was issued during the year ended 31 December 2024.

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

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during the year ended 31 December 2024 or subsisted at the end of 2024.

MEMBERS OF THE BOARD

The following is a list of the Board of Directors for the year ended 31 December 2024 and up to the date of this annual report. Biographical details of the Directors who held office at the date of this annual report are set out in the section of this annual report entitled "Directors and Senior Management". Information on the appointment, retirement and remuneration of Directors is set out in the "Corporate Governance Report" section of this annual report.

List of Directors:

Executive Directors

Mr. Zhong Fuliang
(Appointed as the chairman of the Board on 19 July 2024)
Mr. Chen Yaohuan
(Resigned as the chairman of the Board on 19 July 2024)
Mr. Yang Yanfei
Mr. Ren Jiajun
Mr. Zou Wenzhi
Mr. Mo Zhenglin
Mr. Sang Jinghua (General Manager)

Independent Non-executive Directors

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

In accordance with the Company's Bye-laws (the "**Bye-laws**"), Mr. Zhong Fuliang, Mr. Yang Yanfei, Mr. Zou Wenzhi, being executive Directors, together with Mr. Fong Chung, Mark, being an independent non-executive Director, will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a term of one year renewable automatically upon expiry for a successive term of one year unless terminated by not less than three months' notice in writing served by either party. Each of the independent non-executive Directors has entered into a letter of appointment for a term of three years.

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 statutory compensation).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**")), which is required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which is required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which is 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 C3 of the Listing Rules.

SHARE SCHEMES

For the year ended 31 December 2024, the Company did not establish and implement any share schemes under Chapter 17 of the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

For the year ended 31 December 2024, the Company, or any of its holding companies, subsidiaries or fellow subsidiaries, did not participate in any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporates.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS DISCLOSEABLE UNDER THE SFO

As at 31 December 2024, 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:

Name of shareholder	Capacity and nature of interest	Number of ordinary shares held	Approximate percentage of total issued shares
Sinopec Kantons International Limited ("**Kantons International**" Note 1)	Beneficial owner	1,500,000,000(L)	60.33%
CITIC Group Corporation Note 2	Interest of controlled corporations	149,664,000(L)	6.02%
CITIC Limited Note 2	Interest of controlled corporations	149,664,000(L)	6.02%
CTI Capital Management Limited Note 2	Beneficial owner	149,664,000(L)	6.02%

(L) Long positions

Note 1: The entire issued share capital of Kantons International is held by China International United Petroleum & Chemicals Co., Ltd. ("**UNIPEC**"). The controlling interest in the registered capital of UNIPEC is ultimately held by Sinopec Group Company.

Note 2: According to the disclosure of interests as set out on the website of the Stock Exchange, CTI Capital Management Limited was interested in 149,664,000 shares of the Company in long position.

According to the disclosure of interests as set out on the website of the Stock Exchange, CITIC Group Corporation and CITIC Limited are deemed to be interested in the shares of the Company held by CTI Capital Management Limited under the SFO.

Specifically, CITIC Group Corporation held 100% equity interest in CITIC Polaris Limited, which held 27.52% equity interest in CITIC Limited. CITIC Group Corporation also held 100% equity interest in CITIC Glory Limited, which held 25.60% equity interest in CITIC Limited. Thus, CITIC Group Corporation indirectly held 53.12% equity interest in CITIC Limited. CITIC Limited held 100% equity interest in CITIC Corporation Limited. CITIC Corporation Limited also held 100% equity interest in CITIC Financial Holdings Co., Ltd., which held 100% equity interest in CITIC Trust Co., Ltd. CITIC Trust Co., Ltd. held 100% equity interest in CTI Capital Management Limited.

Save as disclosed above, the Company has not been notified that any person (other than the Directors and chief executive of the Company) 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 transactions, arrangements or contracts 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, or at any time during, the year ended 31 December 2024.

MATERIAL CONTRACTS OF THE CONTROLLING SHAREHOLDER OR ITS SUBSIDIARIES

For details of the material contracts entered into between the Company or its subsidiaries and the controlling shareholder or its subsidiaries, please refer to relevant information contained in the section headed "Connected Transactions" on pages 23 to 27 and note 31 to the consolidated financial statements of this annual report. Save as disclosed herein, no other material contracts (including but not limited to material contracts for the provision of services to the Company or its subsidiaries by the controlling shareholder and its subsidiaries) were entered into between the Company or its subsidiaries and the controlling shareholder or its subsidiaries.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the applicable laws of Bermuda.

BANK LOANS AND OTHER BORROWINGS

As at 31 December 2024, the Group had no bank loans and other borrowings.

FIVE YEAR SUMMARY

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 145 of this annual report.

RETIREMENT BENEFIT SCHEMES

Other than the establishment of the Mandatory Provident Fund Schemes in Hong Kong and the contributions made to the retirement benefit schemes in the PRC, the Group has not operated any other retirement benefit schemes for its employees. Particulars of the retirement benefit schemes are set out in note 9 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

As permitted under the Bye-laws, every Director shall be entitled to be indemnified out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she may incur or sustain in or about the execution of the duties of his or her office, and no Director shall be liable for any loss, misfortune or damage which may happen to or be incurred by the Company in the execution of the duties of his or her office or in relation thereto, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty.

LIABILITY INSURANCE OF THE DIRECTORS

For details of the liability insurance of the Directors of the Company, please refer to the paragraph headed "Liability Insurance for Directors" set out in the Corporate Governance Report on page 42 of this annual report.

SUFFICIENT PUBLIC FLOAT

Based on the public information available to the Company and to the knowledge of the Directors, for the year ended 31 December 2024 and as at the date of this report, the Company has maintained sufficient public float prescribed under the Listing Rules.

AUDIT COMMITTEE

The Company has set up its audit committee (the "**Audit Committee**") with written terms of reference available on the websites of the Stock Exchange and the Company. Currently, the Audit Committee comprises four independent non-executive Directors. The Audit Committee meets with the Group's senior management and external auditor regularly to review the effectiveness of the risk management and internal control system and the interim and annual reports of the Group, and is responsible to the Board directly. The details of the Audit Committee are set out in the "Corporate Governance Report" section of this annual report.

AUDITOR

In accordance with the relevant regulations of the relevant governmental authorities of the PRC in relation to the term of appointment of the auditor of a state-owned enterprise and its subsidiaries, PricewaterhouseCoopers retired as the auditor of the Company at the annual general meeting of the Company convened on 15 June 2021, and following its retirement, KPMG has been appointed as the auditor of the Company.

KPMG will retire and, being eligible, will offer itself for re-appointment at the forthcoming annual general meeting to be convened. A resolution in relation to the re-appointment of KPMG as the auditor of the Company will be proposed at the forthcoming annual general meeting for consideration and approval by the shareholders.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has been placing great emphasis on safety, environmental protection and compliance during operation in order to promote collective sustainable development with the community where it operates.

In 2024, the Group continued to improve its policies and organizational structure, remained committed to corporate social responsibilities and actively discharged related tasks in accordance with the instructions of the Board.

The Group has incorporated relevant environmental protection measures into its overall work plan. The Group has monitored and been committed to reducing emissions to ensure that waste and carbon emissions are under reasonable control. In addition, the Group has formulated detailed emission treatment policies for exhaust gas, sewage and waste. Meanwhile, the Group has strict regulations on the use of energy, water resources and other natural resources and gives priority to recycling. To address environmental risks arisen from daily operation, the Group has adopted a series of preventive measures and formulated different contingency plans for the occurrence of various type of accidents, to minimize the possible hazards to the environment and natural resources. In 2024, the Group complied with the relevant laws and regulations in all material aspects.

For further details of the Group's environmental policies and performance, please refer to the Environmental, Social and Governance Report of the Group.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

For the relationship between the Group and its employees, please refer to the paragraph headed "Employees, Emolument Policies and Training" set out in the section headed "Management Discussion and Analysis" on page 14 of this annual report.

The Group actively interacts with all stakeholders including employees, customers, suppliers, investors and regulatory authorities to maintain good relationships with them and understand their expectations on the Group. The Group will incorporate their suggestions into its operation as far as they are feasible and in the interest of the Group and its shareholders as a whole. For details, please refer to the Environmental, Social and Governance Report of the Group.

DONATIONS

For the year ended 31 December 2024, the Group donated over HK$850,000 to support the people in need and reward undergraduates and postgraduates who have achieved outstanding results.

By order of the Board
Sinopec Kantons Holdings Limited
Zhong Fuliang
Chairman

Hong Kong, 17 March 2025

CONNECTED TRANSACTIONS

I. EXISTING AGREEMENTS ENTERED INTO BY THE GROUP CONSTITUTING CONTINUING CONNECTED TRANSACTIONS

In order to ensure the normal operation of the business and compliance with the relevant requirements of Chapter 14A of the Listing Rules, on 26 October 2022, the Group entered into certain framework agreements with Sinopec Group Company and its subsidiaries for businesses such as crude oil jetty services and financial services which constituted continuing connected transactions for the three financial years ending 31 December 2025, details of which include:

1. Huade Petrochemical, a wholly-owned subsidiary of the Company, renewed and entered into the Crude Oil Jetty and Storage Services Framework Master Agreement with Sinopec Corp. Guangzhou Branch ("**Guangzhou Petrochemical**"), Sinopec Petroleum Reserve Company Limited ("**Sinopec Petroleum Reserve Company**") and Sinopec Petroleum Marketing Company Limited ("**Sinopec Petroleum Marketing Company**") for the provision of crude oil jetty and storage services by Huade Petrochemical to Guangzhou Petrochemical, Sinopec Petroleum Reserve Company and Sinopec Petroleum Marketing Company. Guangzhou Petrochemical is a branch company of Sinopec Corp.; Sinopec Petroleum Reserve Company is a wholly-owned subsidiary of Sinopec Group Company, the holding company of Sinopec Corp.; Sinopec Petroleum Marketing Company is a wholly-owned subsidiary of Sinopec Corp., which indirectly wholly owns Kantons International, the controlling shareholder of the Company. All the transactions contemplated under the Crude Oil Jetty and Storage Services Framework Master Agreement constitute continuing connected transactions for the Company under the Listing Rules;

2. Huade Petrochemical, a wholly-owned subsidiary of the Company, renewed and entered into the Sinopec Fuel Oil Sales Company Limited Framework Master Agreement with Sinopec Fuel Oil Sales Company Limited ("**Sinopec Fuel Oil**") for the provision of fuel oil jetty and storage services to Sinopec Fuel Oil. Sinopec Fuel Oil is a subsidiary of Sinopec Corp. which indirectly wholly owns Kantons International, the controlling shareholder of the Company. All the transactions contemplated under the Sinopec Fuel Oil Sales Company Limited Framework Master Agreement constitute continuing connected transactions for the Company under the Listing Rules;

3. Huade Petrochemical, a wholly-owned subsidiary of the Company, renewed and entered into the Sinopec Finance Financial Services Framework Master Agreement with Sinopec Finance Company Limited ("**Sinopec Finance**") Guangzhou Branch for the provision of financial services within the PRC to Huade Petrochemical by Sinopec Finance Guangzhou Branch. Sinopec Finance Guangzhou Branch is a branch company of Sinopec Finance, which is owned as to 51% by Sinopec Group Company and 49% by Sinopec Corp. Sinopec Group Company is the holding company of Sinopec Corp., which indirectly wholly owns Kantons International, the controlling shareholder of the Company. All the transactions contemplated under the Sinopec Finance Financial Services Framework Master Agreement constitute continuing connected transactions for the Company under the Listing Rules;

4. The Company renewed and entered into the Century Bright Financial Services Framework Master Agreement with Sinopec Century Bright Capital Investment Limited ("**Century Bright**") for the provision of deposit and settlement and similar financial services outside the PRC to the Group by Century Bright. Century Bright is a wholly-owned subsidiary of Sinopec Group Company which indirectly controls Kantons International, the controlling shareholder of the Company. All the transactions contemplated under the Century Bright Financial Services Framework Master Agreement constitute continuing connected transactions for the Company under the Listing Rules.

The above-mentioned agreements and continuing connected transactions were approved at the special general meeting of the Company convened on 15 December 2022.

Details of the aforesaid agreements and continuing connected transactions and the transaction amount annual caps for the continuing connected transactions to be conducted by the Group for the three financial years ending 31 December 2025 are as follows:

	Transaction amount annual caps for the year ended/ending 31 December (RMB million)		
	2023	2024	2025
Crude oil jetty and storage services income	550.00	550.00	550.00
Fuel oil jetty and storage services income	80.00	80.00	80.00
Oil product purchase expenditure	10.00	10.00	10.00
Maximum balance of deposits to be placed by Huade Petrochemical in Sinopec Finance	400.00	400.00	400.00
Maximum balance of deposits to be placed outside the PRC by the Group in Century Bright[Note] (HK$ million)	900.00	900.00	900.00

Note: Unless specified as HK$, all figures are denominated in RMB.

For details, please refer to the relevant announcement and circular dated 26 October 2022 and 14 November 2022 published on the websites of the Stock Exchange and the Company.

In addition, on 26 October 2022, the Group correspondingly entered into a number of framework agreement constituting continuing connected transactions for the three financial years ending 31 December 2025. As the applicable percentage ratios for the cap in respect of each of these framework agreement are more than 0.1% but less than 5%, the agreement is subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Details of the framework agreement are as follows:

The Oil Products Purchase Framework Master Agreement was renewed and entered into between Huade Petrochemical and China Shipping & Sinopec Shenzhen Marine Bunker Co., Ltd. ("**China Shipping & Sinopec Shenzhen**") in relation to the sale of oil products by China Shipping & Sinopec Shenzhen to Huade Petrochemical. China Shipping & Sinopec Shenzhen is an associate of Sinopec Corp.; and Sinopec Corp. indirectly wholly-owned Kantons International, the controlling shareholder of the Company.

II. EXISTING CONNECTED TRANSACTION AGREEMENT ENTERED INTO BY THE GROUP

In order to make better use of Huade Petrochemical's abundant capacity of the terminal for unloading and for its business expansion, Huade Petrochemical, a wholly-owned subsidiary of the Company, intended to upgrade and transform Mabianzhou jetty facilities to provide naphtha unloading service to a third party.

In view of the experience, expertise and professional personnel of Sinopec Guangzhou Engineering Co., Ltd. ("**Sinopec Guangzhou Engineering**"), on 9 November 2023, Huade Petrochemical and Sinopec Guangzhou Engineering entered into the Construction Agreement in relation to the Mabianzhou jetty facilities upgrade and transformation. As Sinopec Guangzhou Engineering is an indirect subsidiary of Sinopec Group Company, and Sinopec Group Company indirectly controls Kantons International, the controlling shareholder of the Company, all the transactions contemplated under the Construction Agreement constitute connected transactions for the Company under the Listing Rules. The total consideration under the Construction Agreement payable by Huade Petrochemical funded by internal resources of the Group is approximately RMB27.39 million (inclusive of all taxes).

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the above connected transaction is more than 0.1% but all are less than 5%, the above connected transaction is only subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but is exempted from the independent shareholders' approval and circular requirements. For details of the above-mentioned connected transaction, please refer to the relevant announcement dated 9 November 2023 published on the websites of the Stock Exchange and the Company.

III. INFORMATION ON THE CONTINUING CONNECTED TRANSACTIONS/ CONNECTED TRANSACTIONS CONDUCTED BY THE GROUP DURING THE YEAR

1. For the year ended 31 December 2024, the transaction amounts and annual caps for the continuing connected transactions conducted by the Group were as follows:

	Transaction amounts for the year ended 31 December 2024 RMB million	**Annual caps for the year 2024** RMB million
Crude oil jetty and storage services income	489.20	550.00
Fuel oil jetty and storage services income	47.99	80.00
Oil product purchase expenditure	3.34	10.00
Maximum balance of deposits to be placed by Huade Petrochemical in Sinopec Finance during the Year	356.53	400.00
Maximum balance of deposits to be placed outside the PRC by the Group in Century Bright during the Year[Note] (HK$ million)	899.91	900.00

Note: Unless specified as HK$, all figures are denominated in RMB.

2. As at 31 December 2024, the cumulative transaction amounts and maximum total amount for the connected transaction of the Group were as follows:

	Cumulative transaction amounts as at 31 December 2024 RMB million	**Maximum total amount** RMB million
Expenditure on the construction project of Mabianzhou jetty facilities	25.00	27.39

The material related party transactions disclosed by the Group in note 31 to the financial statements are "continuing connected transactions" or "connected transactions", as the case may be, within the meaning of Chapter 14A of the Listing Rules and were entered into in the manner described above. In accordance with Chapter 14A of the Listing Rules, the Company has complied with all disclosure requirements in respect of such connected transactions or continuing connected transactions. Save as disclosed herein, there are no continuing connected transactions/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 above-mentioned continuing connected transactions, and confirmed that the continuing connected transactions were entered into in accordance with the following principles:

(1) in the ordinary course of business of the Group;

(2) on normal commercial terms or better; and

(3) the agreements governing such transactions are 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 Group'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 Stock Exchange) in accordance with Rule 14A.56 of the Listing Rules and confirmed that nothing has come to its attention that causes it to believe that 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 the provision of goods or services by the Group;

(3) were not carried out, in all material respects, in accordance with the relevant agreements governing the transactions; and

(4) have exceeded the annual caps.

In addition, the Company obtained a waiver from the Stock Exchange on other connected transactions from strict compliance with the relevant requirements under Chapter 14A of the Listing Rules on 25 June 1999 for a period so long as the values of the relevant connected transactions in any financial year do 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" set out in the section headed "Business – Connected Transactions" contained in the prospectus of the Company dated 15 June 1999.

DIRECTORS AND SENIOR MANAGEMENT

As at 31 December 2024 and up to the date of this annual report, the Directors and senior management of the Company are as follows:

EXECUTIVE DIRECTORS

Mr. Zhong Fuliang

Mr. Zhong Fuliang, aged 56, is the Chairman of the Board and an executive Director of the Company. Mr. Zhong graduated with a bachelor's degree majoring in economics and management from Wuhan University in July 1991. He graduated with a master's degree in business administration from Staffordshire University in July 2003. He holds a bachelor's degree in economics and a master's degree in business administration. He is a senior economist. From August 1991 to March 2015, Mr. Zhong successively held positions in Zhenhai Petrochemical General Plant, Sinopec Zhenhai Refining & Chemical Co., Ltd., and Zhenhai Refining & Chemical Branch Company of Sinopec Corp. Since March 2015, he has been the deputy general manager of China International United Petroleum & Chemicals Company Limited. Since June 2019, Mr. Zhong has served as a director of Sinopec Petroleum Reserve Company Limited. Since August 2020, Mr. Zhong has served as a director of China Merchants Energy Shipping Co., Ltd. Since December 2022, he has become the general manager and the director of China International United Petroleum & Chemicals Company Limited. Since September 2023, Mr. Zhong has been the chairman of China International United Petroleum & Chemicals Company Limited. Mr. Zhong has been an executive Director of the Company since March 2020, and has been the Chairman of the Board of the Company since July 2024.

Mr. Yang Yanfei

Mr. Yang Yanfei, aged 57, is an executive Director of the Company. Mr. Yang graduated from East China Institute of Chemical Technology majoring in oil processing with a bachelor's degree in engineering in July 1991 and is a senior economist. From August 1991 to July 2013, Mr. Yang successively held positions in Beijing Yanshan Petrochemical Corporation, China Petrochemical Corporation, relevant State ministries and Sinopec Group Company. From July 2013 to December 2019, he served as the deputy director of the Production and Operation Management Department of Sinopec Corp. From December 2019 to January 2022, he served as the deputy general manager of the Production and Operation Management Department of Sinopec Corp. Since January 2022, he has been concurrently the general manager of the Production and Operation Management Department of Sinopec Corp. and the chief coordinator of the Production Dispatching Command Center of Sinopec Corp.; since June 2024, he has been concurrently a supervisor of Sinopec Corp. In particular, since March 2019, Mr. Yang has concurrently served as a director of Sinopec Senmei (Fujian) Petroleum Co., Ltd.; since October 2019, Mr. Yang has also served as a director of Sinopec Petroleum Reserve Company Limited. Mr. Yang has been an executive Director of the Company since March 2020.

Mr. Ren Jiajun

Mr. Ren Jiajun, aged 57, is an executive Director of the Company, is a principal senior engineer graduated from East China Petroleum Institute with a bachelor's degree in petroleum processing in July 1989. He also holds a bachelor's degree in engineering. From July 1989 to November 2010, Mr. Ren successively held positions in Sinopec Great Wall Advanced Lubricant Company, the Production Department and the Refining and Chemical Management Department of Sinopec Group and Oil Refining Business Division of Sinopec Corp. From November 2010 to September 2018, he served as the deputy director general of Oil Refining Business Division of Sinopec Corp. From September 2018 to December 2019, he served as the deputy director of the Department of Production, Operation and Management of Sinopec Group Company (Sinopec Corp.). From December 2019 to August 2020, he served as the deputy general manager of the Department of Production, Operation and Management of Sinopec Group Company (Sinopec Corp.). From August 2020 to June 2023, he has been serving as the general manager of Sinopec Petroleum Marketing Company Limited. He served as an executive director and the Party Committee Secretary of Sinopec Oil Refinery and Sales Company Limited since June 2023. From September 2018 to August 2020, he successively served as an executive director and chairman of Sinopec Petroleum Reserve Company Limited and concurrently served as an executive director and general manager of Sinopec Petroleum (Shanghai) Reserve Company Limited. Since November 2021, he has also served as a director of China International United Petroleum & Chemicals Co., Ltd. Mr. Ren has been an executive Director of the Company since January 2021.

Mr. Zou Wenzhi

Mr. Zou Wenzhi, aged 54, is an executive Director of the Company. Mr. Zou graduated from Tianjin University with a bachelor's degree in chemical engineering and technical economics in July 1992. He graduated with a master's degree in business administration from Staffordshire University in June 2006, he holds a bachelor's degree in engineering and master's degree in business administration, he is a professorate senior economist. From August 1992 to June 2016, Mr. Zou successively held positions in Sinopec Beijing Design Institute, Sinopec Engineering Incorporation and the Development Planning Department of Sinopec Corp. From June 2016 to August 2019, Mr. Zou was a member of the management committee of Russia SIBUR Management Co., Ltd. In particular, from June 2016 to June 2018, he was also the deputy supervisor of the Foreign Cooperation Office of Sinopec Corp.; from June 2018 to December 2019, he served as deputy director general of International Cooperation Department, deputy head of Foreign Affairs Bureau Sinopec Corp.; from December 2019 to October 2023, he has been the deputy general manager of the International Cooperation Department, deputy general manager of the Foreign Affairs Department of Sinopec Corp. Since October 2023, he has been the general manager of Sinopec Overseas Investment Holding Limited. Mr. Zou has been an executive Director of the Company since March 2020.

Mr. Mo Zhenglin

Mr. Mo Zhenglin, aged 60, is an executive Director of the Company. Mr. Mo graduated from Zhongnan University of Finance and Economics majoring in finance and accounting in July 1986 with a bachelor's degree in economics and is a senior accountant. From May 1995 to August 2008, Mr. Mo successively held positions in Beijing Yanshan Petrochemical Corporation, Beijing Yanshan Petrochemical Co., Ltd. and Sinopec Corp. Beijing Yanshan Branch Company. From August 2008 to August 2017, he served as chief accountant and deputy director general of the Chemical Division of Sinopec Corp. From August 2017 to December 2019, he served as deputy director general of the Finance Department of Sinopec Corp.; from December 2019 to October 2022, he served as deputy general manager of Finance Department of Sinopec Corp. In particular, from April 2002 to August 2008, Mr. Mo also served as a director of Beijing Yanshan Petrochemical Co., Ltd; he has been a non-executive director of Sinopec Shanghai Petrochemical Company Limited which is a company listed on the Stock Exchange from June 2014 to June 2020. In addition, since April 2018 and March 2019, Mr. Mo has served as a director of Petro-CyberWorks Information Technology Co., Ltd and Sinopec SABIC Tianjin Petrochemical Company Limited respectively. Mr. Mo has been an executive Director of the Company since March 2020.

Mr. Sang Jinghua

Mr. Sang Jinghua, aged 57, is an executive Director and the General Manager of the Company, is a senior economist graduated from the Dalian University of Technology in July 1990 with a bachelor's degree in macromolecule chemical engineering and holds a bachelor's degree in engineering. From July 1990 to May 2019, Mr. Sang successively held positions in Shijiazhuang Refinery Branch Company of China Petroleum & Chemical Corporation, the board secretariat of Sinopec Corp. and SINOPEC Engineering (Group) Co., Ltd. ("**Sinopec Engineering**"). From May 2012 to January 2013, he served as the securities representative of Sinopec Corp. From August 2012 to May 2019, he was the secretary to the Board Of Directors of Sinopec Engineering. From December 2012 to May 2019, he was the company secretary of Sinopec Engineering. From May 2014 to May 2019, he was a vice president of Sinopec Engineering. From May 2019 to January 2021, Mr. Sang was the executive deputy general manager of the Company. Since January 2021, Mr. Sang has been an executive Director, the General Manager and a member of each of the remuneration committee and nomination committee of the Company, and concurrently serving as a director of Sinopec Kantons International Limited, Sinomart KTS Development Limited and Kantons International Investment Limited.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Tam Wai Chu, Maria

Ms. Tam Wai Chu, Maria, GBM, JP, aged 79, is an independent non-executive Director of the Company. Ms. Tam graduated from London University. She obtained the qualification 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 of the People's Republic of China, a Hong Kong Affairs Advisor of the Hong Kong and Macao Affairs Office of the State Council of the People's Republic of China, a Deputy to the 9th to 12th National People's Congress of the People's Republic of China and a member of the Basic Law Committee of Hong Kong Special Administrative Region. She was a member of the Operations Review Committee and the Panel of the Witness Protection Review Board under Independent Commission Against Corruption ("ICAC") of Hong Kong from January 2010 to December 2014. She was the chairman of Operations Review Committee, a member of the Panel of the Witness Protection Review Board, and an Ex-Officio of the Advisory Committee on Corruption under ICAC from January 2015 to December 2017. She was the deputy director of the HKSAR Basic Law Committee under the Standing Committee of the National People's Congress of the People's Republic of China (ended at 30 June 2023). She is also a member of various community service organizations. She is currently an independent non-executive director of Wing On Company International Limited, a company listed on the Hong Kong Stock Exchange. She is also a director of Love Foundation Limited, and Love • Family Foundation Limited. She is the Council Member of the Academy of Chinese Studies Limited. Ms. Tam has been an independent non-executive Director of the Company since June 1999.

Mr. Fong Chung, Mark

Mr. Fong Chung, Mark, aged 73, is an independent non-executive Director of the Company. Mr. Fong was the president of the Hong Kong Institute of Certified Public Accountants, and has over 40 years of experience in the accounting profession. He was a council member of the Institute of Chartered Accountants in England and Wales from June 2016 to June 2018 and was the chairman of audit committee of the Hong Kong Institute of Certified Public Accountants from February 2016 to January 2019. Mr. Fong is currently a non-executive director of Worldsec Limited, a company listed on the London Stock Exchange. Mr. Fong has been an independent non-executive Director of the Company since September 2004.

Dr. Wong Yau Kar, David

Dr. Wong Yau Kar, David, GBS, JP, aged 67, is an independent non-executive Director of the Company. Dr. Wong received a doctorate degree in economics from the University of Chicago. Dr. Wong has extensive experience in manufacturing, direct investment and international trade. Dr. Wong participates actively in public services. He was a Hong Kong Deputy to the 12th and the 13th National People's Congress of the People's Republic of China. Dr. Wong is currently an independent non-executive director of Shenzhen Investment Limited and GDH Guangnan (Holdings) Limited, all of which are companies listed on the Hong Kong Stock Exchange. Dr. Wong has been an independent non-executive Director of the Company since March 2014.

Ms. Wong Pui Sze, Priscilla

Ms. Wong Pui Sze, Priscilla, SBS, JP, a practising barrister in Hong Kong, aged 64, is an independent non-executive Director of the Company. Ms. Wong obtained a bachelor of laws (hons) degree from the University of Hong Kong and a master of laws degree from the London School of Economics and Political Science of the University of London. She is qualified as a barrister in Hong Kong, an advocate and solicitor in Singapore, a mediator of Centre for Effective Dispute Resolution (CEDR) and an arbitrator of China International Economic and Trade Arbitration Commission (CIETAC). Ms. Wong holds a number of public positions in Mainland China and the Hong Kong Special Administrative Region. She is currently a member of Shanghai Committee of the Chinese People's Political Consultative Conference, the chairman of the Minimum Wage Commission of Hong Kong, the chairman of Prince of Wales Hospital Governing Committee and the chairman of the Independent Police Complaints Council. Ms. Wong has been an independent non-executive Director of the Company since March 2018.

SENIOR MANAGEMENT

Mr. Pang Aibin

Mr. Pang Aibin, aged 54, the Deputy General Manager of the Company, graduated with a bachelor degree in industrial management engineering from Nanjing Aviation College in July 1991, holds a bachelor's degree in engineering, and has professional qualification of senior economist. Mr. Pang worked for Sinopec Jiujiang Petrochemical from July 1991 to July 2002. He worked in the Crude Oil Trading Department of Sinopec International Co., Ltd. from July 2002 to September 2005. From September 2005 to November 2022, he served as deputy general manager of the Crude Oil Department of China International United Petroleum & Chemicals Co., Ltd., Deputy General Manager of Sinopec Kantons Holdings Limited, general manager of the Crude Oil Resource Allocation Centre and general manager of the Logistics Optimisation Management Centre of China International United Petroleum & Chemicals Co., Ltd. Since November 2022, Mr. Pang started to work as the Deputy General Manager of the Company.

Mr. Wang Haifeng

Mr. Wang Haifeng, aged 43, the Deputy General Manager and the Chief Financial Officer of the Company, graduated from the Central University of Finance and Economics in June 2003 with a bachelor's degree in accounting and obtained a master's degree in management from the Central University of Finance and Economics in March 2012, and has professional qualification of senior auditor. From July 2003 to October 2014, he worked in the Sales Enterprise Division and Audit Supervision Division of the Audit Bureau of Sinopec Group Company (the Audit Department of Sinopec Corp.). From October 2014 to October 2022, he served as a business manager and audit specialist in the Audit Department of China International United Petroleum & Chemicals Co., Ltd. Since November 2022, Mr. Wang worked as the Deputy General Manager and the Chief Financial Officer of the Company.

Mr. Wang Lihua

Mr. Wang Lihua, aged 38, the Deputy General Manager and Chief Safety Officer of the Company. Mr. Wang graduated from Ocean University of China with a bachelor's degree in marine and offshore engineering in June 2010 and holds a bachelor's degree in engineering. From July 2010 to May 2023, Mr. Wang worked in Tangshan Caofeidian Shihua, Sinopec Pipeline Storage and Transportation Company Limited and Rizhao Shihua. Ltd. From April 2016 to August 2021, Mr. Wang served as the chief safety officer, deputy manager of the Production Technology Department and manager of the Production Technology Department of Tangshan Caofeidian Shihua; from January 2016 to December 2021, he also served as the deputy head of the Production Department and the deputy director of the Emergency Response Office of the Sinopec Pipeline Storage and Transportation Company Limited; and from December 2021 to May 2023, he served as the executive vice general manager and the chief safety officer of the Rizhao Shihua. Since June 2023, Mr. Wang has served as the Deputy General Manager and Chief Safety Officer of the Company.

Mr. Xiao Yong

Mr. Xiao Yong, aged 52, the Deputy General Manager of the Company. Mr. Xiao graduated from Chengdu Institute of Technology in July 1996 with a bachelor's degree majoring in oil reservoir engineering, and graduated from Renmin University of China in July 2007 with a master's degree majoring in business administration, holds a master's degree in business administration and is a senior engineer. Mr. Xiao worked in the Safety and Environmental Protection Department and Production Technology Department of Huade Petrochemical successively from July 1996 to September 2007. From September 2007 to April 2015, he served as the deputy general manager of Huade Petrochemical. From April 2015 to August 2020, he served as the general manager and secretary of the Party Committee of Huade Petrochemical. From August 2020 to December 2023, he served as the manager of the Planning and Operation Department and the secretary of the Party Branch of Sinopec Guangzhou Branch, as well as the manager of the Chemicals Division. Since December 2023, Mr. Xiao has served as the Deputy General Manager of the Company and concurrently the executive director, secretary of the Party Committee and general manager of Huade Petrochemical.

Mr. Wang Xiaoming

Mr. Wang Xiaoming, aged 46, the Joint Company Secretary and Secretary to the Board of the Company, graduated from the China University of Petroleum (East China) in July 2000 with a bachelor's degree in oil and gas storage and transportation and graduated from the China University of Petroleum (Beijing) in July 2006 with a master's degree in oil and gas storage and transportation, holds a master degree in engineering and is a senior engineer. From July 2000 to April 2022, Mr. Wang worked for China Petroleum & Chemical Corporation Guangdong Petroleum Branch and Sinopec Economics & Development Research Institute Company Limited ("**Sinopec EDRI**"). From June 2012 to April 2022, he was the deputy manager of the Evaluation and Assessment Centre of Sinopec EDRI. Since May 2022, Mr. Wang has served as the Joint Company Secretary and Secretary to the Board of the Company.

PARTICULARS OF CHANGES IN DIRECTORS SUBSEQUENT TO THE DATE OF 2023 ANNUAL REPORT

The following change is disclosed pursuant to Rule 13.51B of the Listing Rules:

Mr. Zhong Fuliang was appointed as the chairman of the Board and a member of each of the remuneration committee and nomination committee of the Company on 19 July 2024.

Mr. Chen Yaohuan has resigned as chairman of the Board, executive Director and a member of each of the Remuneration Committee and Nomination Committee of the Company on 19 July 2024 due to reaching retirement age. Mr. Chen Yaohuan has confirmed that he has no disagreement with the Board and he is not aware of any matters relating to his resignation that need to be brought to the attention of the shareholders of the Company.

CORPORATE GOVERNANCE REPORT

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

During the year ended 31 December 2024, the Company has complied with the applicable code provisions set out in the Corporate Governance Code which came into effect during the Year and has adopted, where appropriate, the recommended best practices set out therein. The Company applies the principles set out in the Corporate Governance Code to its corporate governance structure and practices and the application of these principles is set out in this report.

VISION OF CORPORATE DEVELOPMENT AND CORPORATE CULTURE

The Board of the Company has set the long-term development goal of the Company, which is committed to become a world-class international petrochemical storage and logistics company. In order to achieve this goal, the Company has adhered to a proactive, prudent and stable operation strategy to expand its core businesses such as crude oil jetties and storage and logistics services through mergers and acquisitions and investment and construction, thereby expanding the Group's scale of operation, enhancing its profitability and strengthening its competitive strength on an ongoing basis.

To implement the Company's vision of corporate development and corporate culture into its daily operations, in 2024, Huade Petrochemical, a wholly-owned subsidiary of the Company, successfully unloaded the naphtha vessel and completed its departure for the first time. The smooth completion of this operation marks the upgrade and transformation project relating to Mabianzhou jetty facilities of Huade Petrochemical has been put into use according to the schedule, officially launching the naphtha unloading business of Huade Petrochemical. Moreover, in 2024, FOT, a joint venture of the Company, has officially completed the VLCC terminal connection project, which will provide customers with higher quality and more efficient storage operation services in the future.

The Company fully understands that corporate development is closely related to the future of human society, and attaches great importance to environmental protection and corporate social responsibility, and organically integrates the concept of sustainable development into the Company's corporate culture. The Company has made a commitment in five areas, namely operating legally, respecting stakeholders, developing together, valuing safety and green, and improving continuously for continuing the development of the Group's businesses. The Company established the Environmental, Social and Governance Working Committee in 2020, with members including all senior management and key members of each business and functional department, such working committee is responsible for formulating the environmental, social and governance objectives and plans, and reports its work to the Board regularly. For the work summary of the Environmental, Social and Governance Working Committee in 2024, please read the Environmental, Social and Governance Report of the Group.

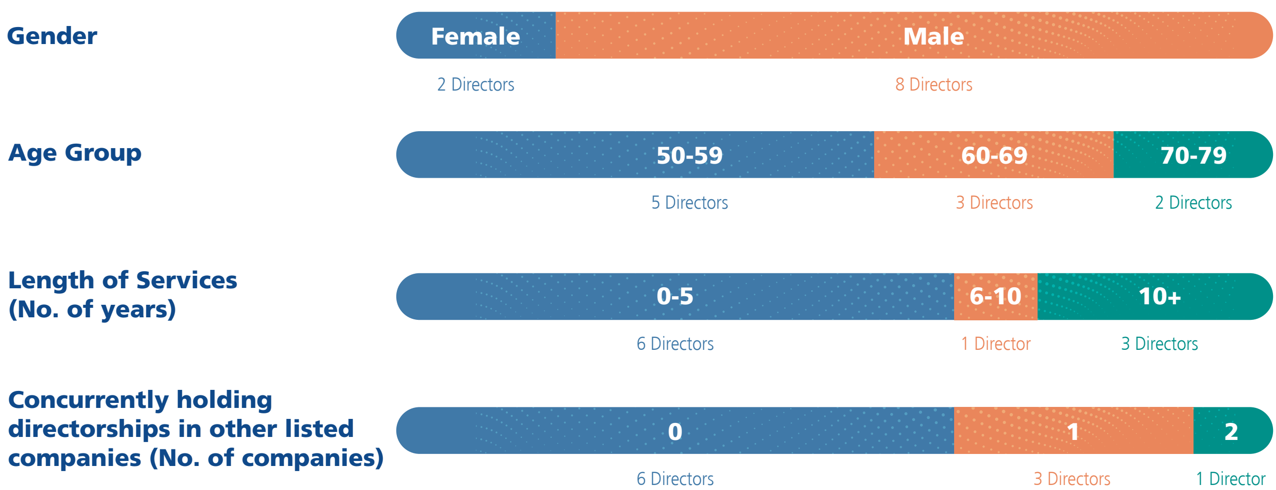
For more details of the implementation of the Company's vision of corporate development and corporate culture, please refer to the Chairman's Statement on pages 4 to 7 of this annual report.

THE BOARD OF DIRECTORS

Composition and diversity of the Board

The Board provides effective and responsible leadership for the Company. The Directors, individually and jointly, shall act in good faith and in the best interests of the Company and its shareholders as a whole. The Board formulates the strategy and direction of the Group, reviews its performance and is also responsible for decision-making on significant corporate matters of the Company such as effective supervision of environmental, social and governance matters, annual and interim results, notifiable transactions and connected transactions, appointment of Directors, dividend distribution and accounting policies. The Board has delegated the senior management the responsibility of managing the daily operation and overseeing the business of the Group. The "Measures for the Administration of Authorization of the Board" clearly stipulates the powers and authorizations of the Board and the senior management.

As at 31 December 2024 and up to the date of this report, the Board comprised six executive Directors and four independent non-executive Directors, members of which include top experts with international perspectives in commercial management, business development and operation, laws and regulations, and finance and accounting, providing professional and independent insights and perspectives to the Board. Meanwhile, all Directors have timely access to all relevant Board meeting materials and may seek independent and professional advice when necessary, including but not limited to the Company's standing legal counsel, auditor and environmental, social and governance auditor, at the Company's expense, to perform their duties.



Professional Backgrounds and Experience of Directors

Professional backgrounds of the Directors	Number of Directors
Finance and accounting	2
Engineering	1
Legal	2
General management and corporate governance	5

The names of the Directors who held office during 2024 and up to the date of this report are set out in the section headed "Report of the Directors" in this annual report. Biographical details of the current Directors are set out in the section headed "Directors and Senior Management" in this annual report.

In accordance with the Company's Bye-laws, a Director shall be appointed for a term not exceeding three years, but may be re-appointed or re-elected. As at the date of this report, the average length of service of the existing Board members as Directors of the Company is 9.3 years. At the annual general meeting held on 6 June 2024, Mr. Ren Jiajun, Mr. Mo Zhenglin, Mr. Sang Jinghua and Ms. Wong Pui Sze, Priscilla were re-elected.

Roles and Responsibilities

Good governance emanates from an effective and accountable Board. The Board, directly and indirectly through its committees, leads and provides direction to senior management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, reviews the Group's remuneration policies, and ensures that effective governance and corporate social responsibility policies and sound internal control and risk management systems are in place.

To achieve effective oversight and leadership, the Board regularly reviews progress reports on the Group's strategies, plans and budgets and receives advice from Board committees and external auditors. The Board has established an Audit Committee, a remuneration committee (the "**Remuneration Committee**") and a nomination committee (the "**Nomination Committee**") of the Company and has delegated to these committees the responsibility for overseeing the affairs of the Company in specified areas in accordance with defined terms of reference. The Board reviews the composition and terms of reference of the board committees from time to time to ensure that the arrangements remain appropriate and in line with the development of the Group's business and governance practices. As at the date of this report, the composition of each committee is set out below and the responsibilities of each committee are further described in this report.

Audit Committee	Nomination Committee	Remuneration Committee
Mr. Fong Chung, Mark (Chairperson)	Dr. Wong Yau Kar, David (Chairperson)	Ms. Tam Wai Chu, Maria (Chairperson)
Ms. Tam Wai Chu, Maria	Mr. Zhong Fuliang	Mr. Zhong Fuliang
Dr. Wong Yau Kar, David	Ms. Tam Wai Chu, Maria	Mr. Fong Chung, Mark
Ms. Wong Pui Sze, Priscilla	Mr. Fong Chung, Mark	Dr. Wong Yau Kar, David
	Ms. Wong Pui Sze, Priscilla	Ms. Wong Pui Sze, Priscilla
	Mr. Sang Jinghua	Mr. Sang Jinghua

The Board may, at the Company's expense, request the Company to engage professional bodies to provide independent views and opinions to bring a different perspective to the decision-making process as and when required, and this mechanism has been operating effectively and reviewed annually.

During the Reporting Period, the Chairman of the Board held one closed meeting with the independent non-executive Directors without the presence of other Directors.

Chairman of the Board and the General Manager of the Company

The positions of Chairman of the Board and General Manager of the Company are held by Mr. Zhong Fuliang and Mr. Sang Jinghua, respectively. This segregation of duties ensures a clear delineation between the responsibility of the Chairman of the Board to manage the Board and the General Manager's responsibility to manage the Company's business.

The major role of the Chairman of the Board is to lead the Board and to ensure the effective operation of the Board, including determining and approving the agenda for each Board meeting, with the assistance of the General Manager and the Joint Company Secretary(ies), taking into account any matters proposed by other Directors for inclusion in the agenda where appropriate, to ensure that the Directors receive adequate, accurate and complete information in a timely manner, are aware of the matters under discussion and that all important and appropriate matters are discussed in a timely manner, and encourage those with different views to express their concerns and allow sufficient time for discussion of these matters, so that the decisions of the Board fairly reflect the consensus of the Directors.

The Chairman of the Board encourages all Directors to devote their full attention to the affairs of the Board and meets once a year with the independent non-executive Directors without the presence of other Directors. The Chairman of the Board and other Directors make every effort to maintain effective contact with shareholders and to ensure that the views of shareholders are communicated to all the Board members.

The role of the General Manager is to lead the senior management of the Company and has overall responsibility for the implementation and execution of the strategies and objectives set by the Board and the management of the Group's business. The General Manager and senior management will report to the Board on a quarterly basis and provide key monthly updates on business operations, financial results and strategy.

There is no relationship (including financial, business, family or other material/relevant relationship(s)) between the Chairman of the Board and the General Manager of the Company.

Duties of the Board and the Senior Management

Details of the responsibilities of the Board and the senior management of the Company are as follows:

Responsibilities of the Board of the Company –

(1) determining the policy for corporate governance and performing duties under the Corporate Governance Code (including but not limited to Code Provision A.2.1), including but not limited to reviewing and monitoring of the policies and practices of the Company in accordance with legal, regulatory and compliance requirements;

(2) being responsible for convening general meetings;

(3) executing the resolutions of general meetings;

(4) determining the development plans and operation plans;

(5) preparing the profit distribution plan and loss recovery plan;

(6) preparing material acquisition or disposal plans, as well as the plans for merger, spin-off, change of corporate form and dissolution;

(7) under the authorization of general meeting determining 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 transactions, etc;

(8) appointing or dismissing the General Manager of the Company, and appointing or dismissing the company secretary according to the nomination of the General Manager;

(9) being responsible for formulating the policies related to risk management, internal audit and internal control, and authorizing the Audit Committee to represent the Board to monitor the progress of work in risk management, internal audit and internal control;

(10) based on the recommendation of the Nomination Committee, determining the Director candidates and submitting them to general meeting for approval;

(11) reviewing the implementation and effectiveness of the Board's diversity policy annually;

(12) based on the recommendation of the Remuneration Committee, determining the remuneration of Directors and senior management;

(13) finalizing the basic management policies;

(14) managing the information disclosure;

(15) proposing to general meeting the appointment or change of the Company's auditor;

(16) formulating the amendment plans of the Bye-laws, and submitting them to general meeting for approval;

(17) determining other material matters and administrative matters other than those required to be determined by general meeting of the Company according to laws, regulations, the Listing Rules and the Bye-laws, as well as entering into other important agreements;

(18) reviewing annually the implementation and effectiveness of mechanism(s) to ensure independent views and input are available to the Board;

Responsibilities of the senior management of the Company –

(1) being responsible for the daily operation and management, the organization and implementation of resolutions of the Board and the reporting of work to the Board;

(2) organizing and implementing the annual operation plan and investment plan;

(3) formulating the internal management plan;

(4) preparing the fundamental management policies and submitting them to the Board for approval;

(5) formulating specific regulations;

(6) proposing the appointment or dismissal of deputy general managers and the chief financial officer of the Company; appointing or dismissing other management staff other than those that should be appointed or dismissed by the Board;

(7) determining the salaries, benefits, rewards and punishment for the staff, and determining the appointment and dismissal of the staff of the Company;

(8) proposing to convene extraordinary meetings of the Board;

(9) thoroughly implementing the risk management, internal audit and internal control policies formulated by the Board and confirming with the Audit Committee the effectiveness of the risk management and internal control systems;

(10) thoroughly implementing the environmental, social and governance policies formulated by the Board and be responsible for the preparation of Environmental, Social and Governance Report according to the regulatory requirements;

(11) other responsibilities granted by the Bye-laws and the Board.

There are no financial, business, family or other material/ relevant relationships between the Chairman of the Board, the General Manager and other Directors of the Company.

Induction Training and Development

Directors are provided with comprehensive induction training in a timely manner to ensure that they have a thorough understanding of the Group's operations and governance policies, as well as their role and responsibilities. Every new Board member receives compliance training provided by the standing legal adviser and attends Directors' training annually. Continual training allows Directors to stay abreast of current trends and material issues of the Group, as well as allows the Directors to update their skills and knowledge required to perform their duties.

During the Year, all Directors participated in trainings through various ways. Among them, the standing legal advisor of the Group provided training to all Directors, covering topics such as the treasury share regime, annual report preparation guidelines, and new regulatory developments regarding environmental, social and governance disclosures. The record of Directors' participation in trainings is as follows:

	Types of Training
Executive Directors	
Mr. Zhong Fuliang (Chairman)	A、B
Mr. Yang Yanfei	A、B
Mr. Ren Jiajun	A、B
Mr. Zou Wenzhi	A、B
Mr. Mo Zhenglin	A、B
Mr. Sang Jinghua (General Manager)	A、B
Independent Non-executive Directors	
Ms. Tam Wai Chu, Maria	A、B
Mr. Fong Chung, Mark	A、B
Dr. Wong Yau Kar, David	A、B
Ms. Wong Pui Sze, Priscilla	A、B

A: Attending seminars and/or conferences and/or forums relating to directors' duties or other relevant topics

B: Reading newspapers, journals, materials and/or updates relating to the economy, the industry conditions of the Company or directors' duties and compliance matters

Board Procedures

The Board convenes meetings regularly on a quarterly basis, notice of meeting will be given a minimum of 14 days prior to the meeting, and the agenda and related meeting documents should be sent to all Directors as soon as possible. Reasonable notice will be issued for other extraordinary meetings. Directors make their best effort to attend in person or to participate actively through electronic communications whenever practicable. All Directors have the right to access Board documents and related information, and the Company will respond as promptly and comprehensively as possible to questions raised by Directors.

Minutes of Board meetings and meetings of Board committees are kept by the joint company secretaries and are open for inspection at any reasonable time on reasonable notice by any Director. Drafted meeting minutes are promptly prepared for attending Directors' comment and final version is signed by the chairman of the meeting for confirmation and record.

To ensure that independent views and input are available to the Board, members of the Board may, at any time, request additional information from senior management for further enquiries on matters under consideration, seek advice from the Company's joint company secretaries or in-house legal team or standing legal counsel or seek independent professional advice (at the Company's expense) to assist the Directors in discharging their responsibilities. In the event that a major shareholder or Board members have a material conflict of interest in the matter to be considered, such matter will be dealt with by way of a Board meeting in the absence of such shareholder(s) or Director(s).

During the Reporting Period, the attendance of each Director of the Company at various meetings is as follows:

	Board		Audit Committee	Nomination Committee		Remuneration Committee	
	Physical Meetings	Written Resolutions	Physical Meetings	Physical Meetings	Written Resolutions	Physical Meetings	Written Resolutions
No. of meetings/resolutions	**4**	**2**	**2**	**1**	**1**	**1**	**1**
Mr. Zhong Fuliang	4/4	2/2					
Mr. Chen Yaohuan (Resigned as a Director on 19 July 2024)	2/2	1/1		1/1	1/1	1/1	1/1
Mr. Yang Yanfei	2/4	2/2					
Mr. Ren Jiajun	4/4	2/2					
Mr. Zou Wenzhi	3/4	2/2					
Mr. Mo Zhenglin	4/4	2/2					
Mr. Sang Jinghua	4/4	2/2		1/1	1/1	1/1	1/1
Ms. Tam Wai Chu, Maria	4/4	2/2	2/2	1/1	1/1	1/1	1/1
Mr. Fong Chung, Mark	4/4	2/2	2/2	1/1	1/1	1/1	1/1
Dr. Wong Yau Kar, David	4/4	2/2	2/2	1/1	1/1	1/1	1/1
Ms. Wong Pui Sze, Priscilla	4/4	2/2	2/2	1/1	1/1	1/1	1/1

Liability Insurance for Directors

The Company has arranged appropriate liability insurance for the Directors of the Company, such arrangements remain in force during the Year and as at 31 December 2024 and the date of this report.

Joint Company Secretaries

All Directors can have the advice and services provided by the joint company secretaries. The joint company secretaries report to the Chairman of the Board on Board governance matters and are responsible for ensuring compliance with Board procedures and facilitating the flow of information and communication among Directors and between Directors and shareholders and senior management. Mr. Wang Xiaoming ("**Mr. Wang**") and Ms. Huang He ("**Ms. Huang**") have been appointed by the Company to work as the joint company secretaries to the Company.

Mr. Wang and Ms. Huang have attended more than 15 hours of professional training related to compliance and regulation of listed companies in 2024.

Remuneration of Directors and Senior Management

The Company has established procedures for determining the remuneration packages of Directors and senior management, which are reviewed from time to time. For details of the remuneration policy and information of the Remuneration Committee, please refer to the section headed "Remuneration Committee" in this report.

Model Code for Securities Transactions by Directors and Senior Management

The Company has adopted the Model Code as its own code of conduct regarding the securities transactions of the Directors, senior management and general employees and has formulated the "Code for Securities Transactions". Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code during the year ended 31 December 2024.

For information on the Directors' and chief executive's interests or short positions in the shares, underlying shares and debentures, please refer to the section headed "Directors' and Chief Executive's Interests or Short Positions in the Shares, Underlying Shares and Debentures" in the "Report of the Directors" of this annual report.

Continuing Connected Transactions

For details of the Group's continuing connected transactions, please refer to the section headed "Connected Transactions" in this annual report.

Responsibilities of Directors for the Financial Statements

The Board is responsible for overseeing the preparation of the annual financial statements and the Board receives monthly updates on the performance, financial position and prospects of the Group. The Directors recognised their responsibilities for the preparation of the Company's financial statements for the year ended 31 December 2024. Save as disclosed in this 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 its reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 64 to 70 of this annual report.

AUDIT COMMITTEE

Powers and Duties

The Audit Committee is authorized by the Board to be responsible for reviewing the accounting standards and practices, audit, effectiveness of internal control, risk management, internal audit and legal and regulatory compliance of the Group. It also reviews the interim and annual results of the Group prior to recommending such results to the Board for approval. The Audit Committee holds regular meetings to review financial reporting and risk management and internal control matters and has unrestricted access to the Company's auditor to this end. The Audit Committee is provided with sufficient resources in performing its duties, including support from the internal risk control department (the "**Risk Control Department**"), external auditor, standing legal adviser and senior management to review any matters involving the accounting principles and practices adopted by the Group and to review all significant financial, operational and compliance controls measures.

The terms of reference of the Audit Committee are set out on the websites of the Company and the Stock Exchange.

Composition of the Committee and Summary of Work during the Year

Composition of the Audit Committee (all are independent non-executive Directors):

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

During the Year, two meetings of the Audit Committee were held and the attendance records of the Directors can be found in the section headed "The Board of Directors" – "Board Procedures" of this report and a summary of their work is as follows:

1. Reviewed the Group's interim and annual financial reports and results announcements to ensure integrity, transparency and consistency of the financial disclosures;

2. Reviewed with senior management and external auditor on the accounting principles and practices adopted by the Group;

3. Reviewed the "Independent Auditor's Report" made by the external auditor, in particular to the Key Audit Matters in the report and reviewed the proposal for the adoption of new accounting principles (if applicable);

4. Reviewed the risk control management report, discussed risk management and internal control issues, reviewed the Group's internal control system and the adequacy and effectiveness of its accounting, financial reporting and internal audit functions;

5. Reviewed and monitored the relationship with the external auditor, including overseeing its appointment, independence, remuneration and tenure;

6. Reviewed the Group's report on connected transactions; and

7. Reviewed and discussed the pre-approval policy for non-audit services and the pre-approved service list for 2024.

External Auditor

Independence

The Audit Committee is delegated to monitor the independence of KPMG, the Group's external auditor, to ensure its objectivity in auditing the financial statements. To ensure that all entities within the Group strictly implement the policy on restricting the provision of non-audit work by the external auditor, the Group has established appropriate policies and procedures which set out (i) the classification of services, including pre-approved services, non-pre-approved services and prohibited services; and (ii) the approval process for non-pre-approved services.

Representatives of the external auditor attended the annual general meeting held on 6 June 2024 as usual to respond to questions from shareholders of the Company.

Analysis of Remuneration for External Auditor

For the year ended 31 December 2024, the following fees were paid/payable by the Group to KPMG, the auditor, and its network members:

Unit: HK$ million

	2024	2023
Audit services	5.29	5.30
– the Company	2.00	2.00
– subsidiaries	3.29	3.30
Non-audit services	–	–
Total	5.29	5.30

During the Reporting Period, the Audit Committee has reviewed KPMG's statutory audit scope and non-audit services (if any) and approved their fees.

Re-appointment

The Audit Committee was satisfied with the work of KPMG, its independence, objectivity, qualifications, expertise, resources and the effectiveness of the audit process. Therefore, the Audit Committee recommended to the Board on the re-appointment of KPMG as the Group's external auditor for the next financial year (which the firm has indicated its willingness to be re-appointed), which will be submitted for approval by the shareholders of the Company at the forthcoming annual general meeting.

Risk Management and Internal Control

Establishment of System and Culture

To ensure the establishment and maintenance of appropriate and effective risk management and internal control systems of the Company, the Company has adopted the Enterprise Risk Management framework in a top-down approach. The Audit Committee is responsible for overseeing the senior management's design, implementation and supervision of such systems according to the delegation of the Board and the effectiveness of such systems is reviewed at least annually. The Board recognised its responsibilities for the risk management and internal control systems of the Company and review of the effectiveness of such systems. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Environment for Risk Management and Internal Control

In order to assist the Audit Committee to continue to oversee the risk management and internal control systems of the Company and fully identify and manage all significant risks, the Company has established the Risk Control Department, which is a centralized department responsible for risk management, internal control and legal compliance management matters.

The Company has established the risk management and internal control systems according to the following principles:

1. Alignment to strategy: The enterprise risk management is aligned to the Company's strategic targets;

2. Compliance: The Company complies with the relevant laws, regulations and the requirements stipulated by regulatory bodies, and conforms to the Listing Rules and relevant management policies;

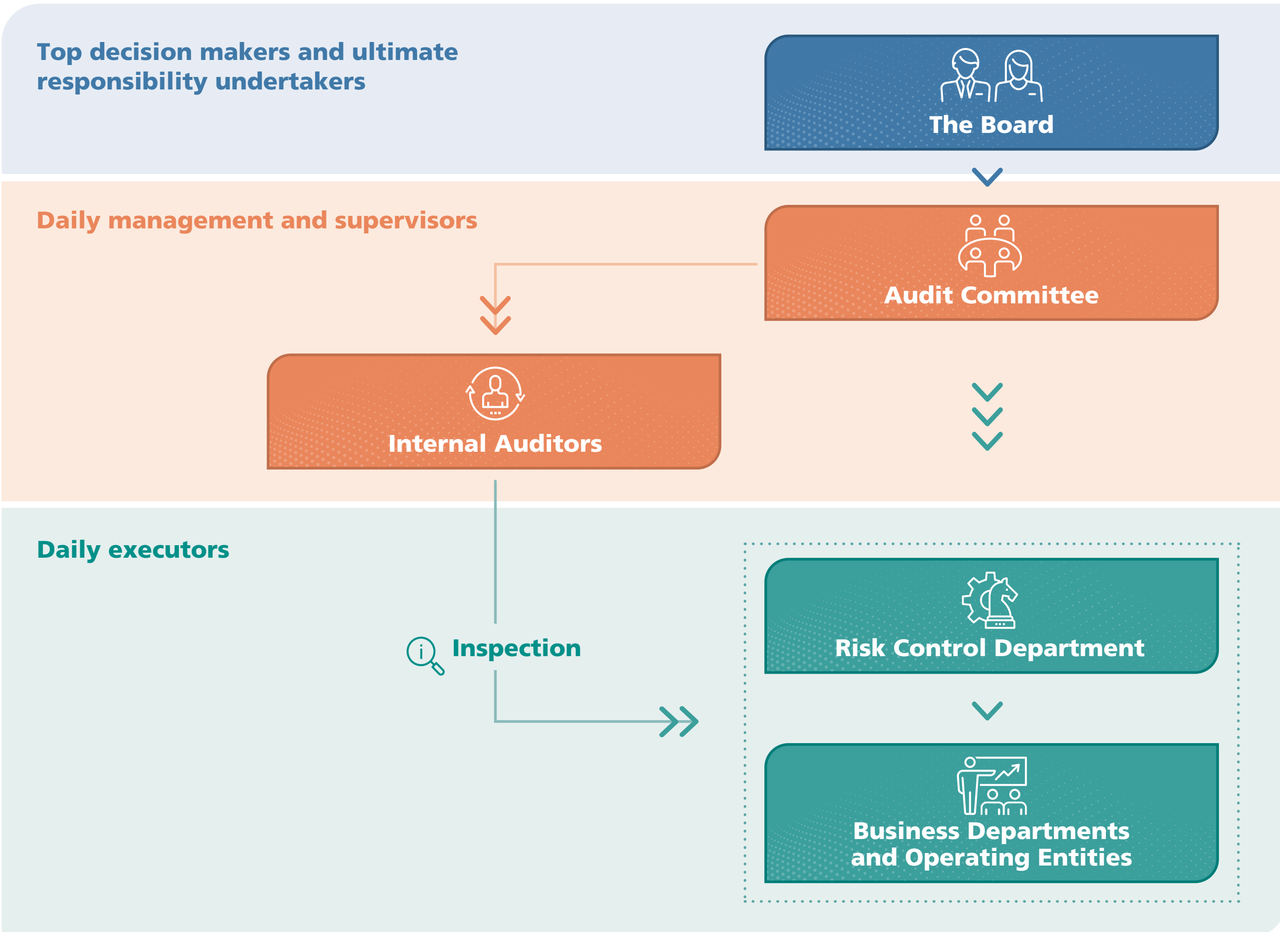
3. Comprehensiveness: The enterprise risk management involves all employees of the Company, and plays roles in decision-making, management and execution in all business areas, and covers all aspects and steps of operation and management;

4. Materiality: The Company focuses on risk management of key businesses and high risk areas;

5. Cost effectiveness: The Company utilizes existing resources and optimizes their allocation, and implements effective risk control procedures at a reasonable cost to enhance the efficiency and effectiveness of the risk management and internal control systems;

6. Integration: The enterprise risk management should integrate with the existing management systems and complement and support each other.

The Group resolves the internal control weaknesses by setting a three-line defense system. The three-line defense system is illustrated as below:



The first line is operational management and control. All departments and operating entities should manage and control their respective risk areas, identify and resolve problems in a timely manner. The second line is risk management and compliance. The Risk Control Department coordinates all departments to carry out risk management process, and links and cooperates with the "first line of defense" to form a joint force for compliance defense and prevention. If the Risk Control Department discovers any defects in internal control in each department, they shall be reported for organization of rectification in a timely manner; in addition, an internal compliance officer of the Company performs duties of internal disciplinary supervision, supervises the implementation of compliance requirements within the scope of his/her authority, and organizes investigations on relevant violations of discipline and regulations. The third line is the Audit Committee and the internal audit personnel that are responsible for considering the system's construction plan and evaluating its effectiveness. Any significant internal control deficiencies, if found in the review, will be reported to the Audit Committee and the Board for solutions.

The Company continued to improve the construction of its internal control system. It further enhances and perfects the "five-in-one" compliance risk management system, which includes policies, internal control, risk, compliance, and legal aspects, strengthening the supervision of key areas such as compliance risk, operational supervision, financial resources, and safety and environmental protection, effectively preventing and controlling major risks. For the compliance risk and internal control management, the "Guidelines on Internal Control Authority" and the "Implementation Rules on Internal Control" were revised and implemented to further clarify the scope of authority and approval procedures for handling key businesses and matters. The Company guided its operating entities to establish legal compliance departments, establish and improve supporting systems and norms, and set up a contract management information system. The "Measures for the Management of External Law Firms" were formulated and implemented, and the "Measures for the Management of Legal Disputes" and the "Measures for Contract Management" were revised and implemented as basic management policies. The "Supervision Scheme for the Prevention and Control of Sanction Compliance Risks of Operating Entities" was promoted and implemented, with continuous implementation of the prevention and control of sanction compliance risks. The legal compliance support for major projects was strengthened, enhancing the legal compliance supervision and support for operating entities. Relevant disputes and cases were properly handled, effectively avoiding or recovering losses, maximising the interests of the Company. For the shareholder supervision, the "Operational Supervision Management Measures for Operating Entities of Sinopec Kantons" was promoted and implemented, strengthening the production and operational supervision. The "Tender Management Measures" was formulated and implemented to improve and standardise the engineering projects, materials and service procurement activities of the Company, safeguarding interests of the Company. The promotion of the board of directors of joint ventures and the incorporation of the general meetings in the Bye-laws were promoted, the corporate governance structure and equity management were continuously improved, and the responsibilities of the board of directors, general meetings and senior management were standardised. The financial sharing system was further developed and switched to an overseas sharing platform. The building and launching of the financial management system of operating entities were guided and assisted to further enhance the level of information management. For the listing management, the "Regulations on Information Disclosure Management for the Company", " Rules on Insiders Management", "Securities Trading Guidelines" and "Management Measures on Investor Relations" were formulated and implemented, clearly stipulating the compliance requirements for corporate governance, information disclosure, insider information management and securities trading by the Company, as well as strengthening investor relations management, and promoting the special work of listing quality improvement. The market value management was continuously enhanced, and social responsibilities and ESG development concepts were actively practised. For safety management, the "HSE Management System Manual (2024)" and other documents were revised and implemented, the shareholders safety supervision was solidly carried out, and the inherent safety of operating entities was continuously improved.

Risk Identification and Response Measures

The Group is exposed to various key risks and uncertainties which, if not properly managed, could have an impact on the Group. Regular tracking and monitoring of material risks and multi-dimensional monitoring of risk issues in operations help the Group to ensure that risks are effectively controlled and managed.

Comprehensive risk identification, assessment and response measures for all functional departments are performed by Risk Control Department on a quarterly basis for the purpose of studying existing and emerging risks and discussing the changes of risks caused by changes in internal and external environment. The Risk Control Department consolidates the significant risks identified, and compiles a quarterly risk management report after going through filtering, prioritizing as well as consultation and comprehensively reviews the notifiable transactions and connected transactions annually for reporting to the senior management of the Company. The risk management and internal control report is prepared by Risk Control Department on an annual basis and submitted to the Audit Committee for further reviewing after being reviewed by the senior management of the Company. The principal risks faced by the Group (for details of the risks arising from climate, please refer to the Company's 2024 Environmental, Social and Governance Report to be published separately) are as follows:

Principal risks	Description	Key response measures
Safety and environmental protection risks	The petroleum and petrochemical storage and logistics industry is a high-risk industry which exposed to risks of inflammation, explosion and environmental pollution. There are many risks such as ship cable breakage, drifting, collisions, leakage, marine environmental pollution, leakage of long-distance pipeline and oil depot, fire, explosion, etc. The occurrence of contingencies may cause harm to personal safety and health, and economic losses to the Company, and social impacts.	The Company has always attached great emphasis on production safety, has solidly ensured shareholders safety supervision, has continuously improved the inherent safety of operating entities, and has implemented a strict management system for health, safety and environment ("**HSE**"). It has also coordinated with the Environmental, Social and Governance Working Committee to conduct regular assessment of risks in relation to environmental, social and governance matters to jointly develop and review its monitoring strategies, in an effort to ensure that the Company has taken appropriate measures to minimize risks in relation to environmental, social and governance matters. However, such measures may not completely shield the Company from economic losses or adverse impacts resulting from such contingencies.

Principal risks	Description	Key response measures
Legal and Compliance Risks	Overseas investment project (Batam Project, Indonesia) of the Group is facing the risk of being unable to fully recover the debts from its debtors under successful arbitration cases, despite all necessary legal means taken or to be taken. However, as the Company has fully provisioned for the impairment loss of the project at the end of 2022, this uncertainty has no existing substantial and negative impact on the Company's operational performance. Intense geopolitical conflicts, escalating competition among major powers, and subtle changes in international relations, together with increasingly stringent internal and external compliance regulatory environment, posing challenges and higher requirements for operations related to third parties in sensitive regions.	We will actively and steadily promote relevant legal procedures and business negotiations, and properly handle case disputes to maximize the protection of the Company's rights and interests. We will further enhance oversight and support for operating entities, continuously improving their awareness and level of legal compliance. Additionally, we will closely monitor developments in international sanctions and implement effective measures to manage and mitigate sanction-related risks.
Risk of industry competition	Due to the decentralisation of approval authority for domestic jetty construction to various provinces, municipalities and autonomous regions, competition among domestic jetty projects is increasing. The proposed new crude oil jetty berths may have a certain impact on the operation within the areas where the operating entities of the Company are located, specifically, to some extent, it may divert certain business of our third-party customers from the operating entities of the Company to local competitors, weakening bargaining powers of the Group.	The Company actively pursues opportunity to engage in local new jetty projects to foster stronger collaboration and partnerships. It diligently explores new sources of goods to mitigate the impact of new berth diversion and maintains proactive communication and negotiation with business partners to facilitate the resolution of industry competition issues.

Principal risks	Description	Key response measures
Exchange rate risk	The Company is engaged in petrochemical storage, jetty and logistics businesses in places including the PRC, Europe and United Arab Emirates through its subsidiaries, associates and joint ventures, which generate operating income in Renminbi, EUR and USD respectively. The declared dividends received by the Group will also fluctuate with the exchange rates of Renminbi, EUR and USD against HKD fluctuate, or when dividends are converted into foreign currencies, exchange losses may occur, and the Group faces exchange rate risk to a certain extent.	The Company continuously monitors the exchange rate of major currencies, tracks its impact on the Company's profits, and mitigates exchange rate risk by fund management.

Anti-corruption, Anti-Money laundering and Anti-Commercial Bribery Policies

The Company has established anti-corruption, anti-money laundering and anti-commercial bribery compliance guidelines, which are revised, explained and reviewed by the Risk Control Department, and relevant training is arranged. When the Company enters into a transaction, it will issue an "Anti-Bribery and Anti-Corruption Statement" or sign a clean practice agreement or equivalent document(s) to the counterparty, which clearly states the Company's determination to uphold business ethics and integrity. For business entertainment, strict guidelines are in place for regulating the management of business hospitality and promoting the culture of integrity.

Whistleblowing Policy

The Company is committed to maintaining high standards of integrity and ethical business practices and understands that a system of controls and balances requires a channel for employees, business partners, suppliers and other third parties to raise their concerns to senior management and the whistleblowing policy is therefore established. Whistleblowers and reported parties include employees at all levels and other stakeholders, including suppliers, who may be affected by employees' misconduct behaviors. Whistleblowers can report misconduct, malpractice, and violations directly and anonymously to the Company via email (compliance.skts@sinopec.com) or mail to 34/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong. The Company guarantees that whistleblowers will not be retaliated against and that the name of the whistleblower will be kept strictly confidential. The Company's whistleblowing policy sets out clear reporting procedures, recording requirements and corresponding follow-up actions for all reported cases. If a reported case is substantiated and is considered serious, it will be reported to the Audit Committee and, if there is reasonable suspicion that the reported case involves a criminal offense, it will be reported to the local law enforcement agency. If the reported case can avoid significant financial loss to the Company, the whistleblower will be rewarded.

Inside Information Management

The Company has internal control procedures for the possession, confidentiality and dissemination of inside information. The Company has formulated "Rules on Insiders Management" in which directors, senior management and relevant employees in possession of inside information shall not disclose inside information of the Company in violation of regulations, and persons who know or participate in inside information are strictly prohibited from trading in the securities of the Company and the use of such information for themselves or other persons to reap benefits. At the same time, the Company fulfills its information disclosure obligations in a timely and compliant manner in accordance with the relevant provisions of the Securities and Futures Commission of Hong Kong (the "**SFC**") and the Listing Rules of the Stock Exchange. The inside information management procedures include:

1. Assigning dedicated staff and/or departments to be responsible for the registration, management and reporting of insiders;

2. Regularly updating files of insiders in relation to insiders management;

3. Conducting the publicity and regular training for insiders and registration managers;

4. In response to enquiries on the matters of the Group, the Company's joint company secretaries and dedicated departments are responsible for communicating with external parties.

Effectiveness Assessment

The Board oversees the internal control systems of the Company on an ongoing basis and evaluates the effectiveness of the risk management and internal control systems of the Company annually through the Audit Committee and assesses the financial, operational and compliance controls based on the following factors:

1. changes in the nature and the extent of significant risks and the Company's ability to respond to the changes in its business and external environment;

2. scope and quality of the senior management's ongoing monitoring of the risk management and internal control systems, and the work of its internal audit function and other assurance providers;

3. reporting the operation and the effectiveness of the risk management and internal control systems, including its extent and frequency, to the Audit Committee;

4. reviewing any significant control deficiencies or weaknesses that have been identified during the Year, the outcome caused by or may have been caused, and the impact made or may have been made on the Company by such deficiencies or weaknesses, discussing and implementing appropriate rectification measures;

5. reviewing the sufficiency of resources, qualification and experience of employees as well as the training courses and the relevant budget in relation to accounting, internal audit and financial reporting;

6. the effectiveness of the procedures on financial reporting and compliance of the provisions under the Listing Rules;

7. the Company's environmental, social and governance performance and reporting.

For the year ended 31 December 2024, the Audit Committee has conducted annual review on the effectiveness of the Company's risk management and internal control systems once. The Audit Committee and the Board considered such systems effective and adequate based on their purposes covering the Reporting Period. The Audit Committee and the senior management have performed a risk assessment for the core business management procedures and risk management function of the Company so as to enhance the Company's internal control policies and procedures. In 2024, the Company has obtained senior management's confirmation on the effectiveness of its risk management and internal control system.

Save as stated above, there are no other material matters relating to risk management and internal control that need to be disclosed by the Company.

NOMINATION COMMITTEE

Powers and Duties

The Nomination Committee is authorized by the Board to formulate and implement policies in relation to the nomination of Directors candidates and reviews the implementation and effectiveness of the Board Diversity Policy annually. Other functions of the Nomination Committee include: (i) reviewing the structure, number of members and composition (including skills, knowledge and experience) of the Board and proposing changes to the Board to adapt to the strategy of the Company; (ii) identifying candidates with adequate qualification for being Directors, selecting and nominating such candidates to be appointed as Directors or provide advice to the Board thereon; (iii) making proposals to the Board on the appointment or re-appointment of Directors; (iv) evaluating the independence and time commitment of independent non-executive Directors; and (v) stating the reasons for the appointment of a particular person (including the person who has been serving as an independent non-executive Director for more than 9 years) by the Board and for such person being deemed by it as an independent party in the circular and/or explanatory statement to shareholders attached to the notice convening a general meeting in the event that the Board intends to propose a resolution in relation to the appointment of such person as an independent non-executive Director at such meeting.

For details of the policy on the nomination of Directors during the Year, please refer to the section headed "Nomination, Appointment and Successor Selection Process" in this report.

The terms of reference of the Nomination Committee are set out on the websites of the Company and the Stock Exchange.

Composition of the Committee and Summary of Work During the Year

Composition of the Nomination Committee (with four independent non-executive Directors and two executive Directors and is chaired by an independent non-executive Director):

Dr. Wong Yau Kar, David (Chairperson)
Mr. Zhong Fuliang
Ms. Tam Wai Chu, Maria
Mr. Fong Chung, Mark
Ms. Wong Pui Sze, Priscilla
Mr. Sang Jinghua

There is no relationship (including financial, business, family or other material/relevant relationship(s)) between the Directors and in particular, between the Chairman of the Board and the General Manager of the Company.

During the Year, the Nomination Committee held one physical meeting and one written resolution, and attendance record of the Directors can be found in the section headed "The Board of Directors" – "Board Procedures" of this report, the summary of work is as follows:

1. Reviewed Board composition and the composition of the members of its committees;

2. Assessed the independence of independent non-executive Directors;

3. Nominated candidates of Directors for election/re-election by shareholders at the annual general meeting;

4. Reviewed the time commitment of Directors for performance of their responsibilities;

5. Reviewed the training and continuous professional development of Directors; and

6. Reviewed the implementation and effectiveness of Board Diversity Policy.

Diversity Policy

For inclusion of diversity of viewpoints from members of the Board, the Company has established its board diversity policy. The policy is to take into account various factors in determining the composition of Directors and set measurable objectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and tenure of service. The Company will consider factors according to its business mode and specific needs arisen from time to time, thereby ensuring that not all members of the Board are of the same gender. At present, the Board has ten Directors, two of which are female Directors, representing 20% in proportion. The Board is committed to ensuring to have at least one female member to ensure its gender diversity at all times. The Board has fulfilled such target during the Reporting Period. To maintain and further enhance the diversity at Board level, the Board and the Nomination Committee will, when necessary, recommend suitable candidates and seek potential female candidates of directors through referrals from major shareholders and independent professional bodies, recommendations from business contacts and industry peers, or other channels to ensure gender diversity on the Board. For more information on the measures the Company has adopted to develop a pipeline of potential successors to the Board to achieve gender diversity, please refer to the "Nomination, Appointment and Successor Selection Process" section of this report.

The Nomination Committee monitors the implementation of this policy and the board skills matrix each year and reviews or proposes amendments in a timely manner to ensure the effectiveness of this policy and to increase diversity at the Board level.

As at 31 December 2024, approximately 19% of our workforce is female and none of the senior management is female. The Company is committed to maintaining a gender balance in the workforce with a target of at least maintaining the female employees ratio at around the current level. For details of the gender ratio of all employees of the Group, please refer to the 2024 Environmental, Social and Governance Report published separately by the Company. In order to achieve gender diversity among employees, the Group has formulated a human resources policy to encourage recruitment without considering the gender, nationality, race, religious belief and cultural background of employees, and to select the best candidates based on objective factors such as their skills and qualifications in fair and open competition.

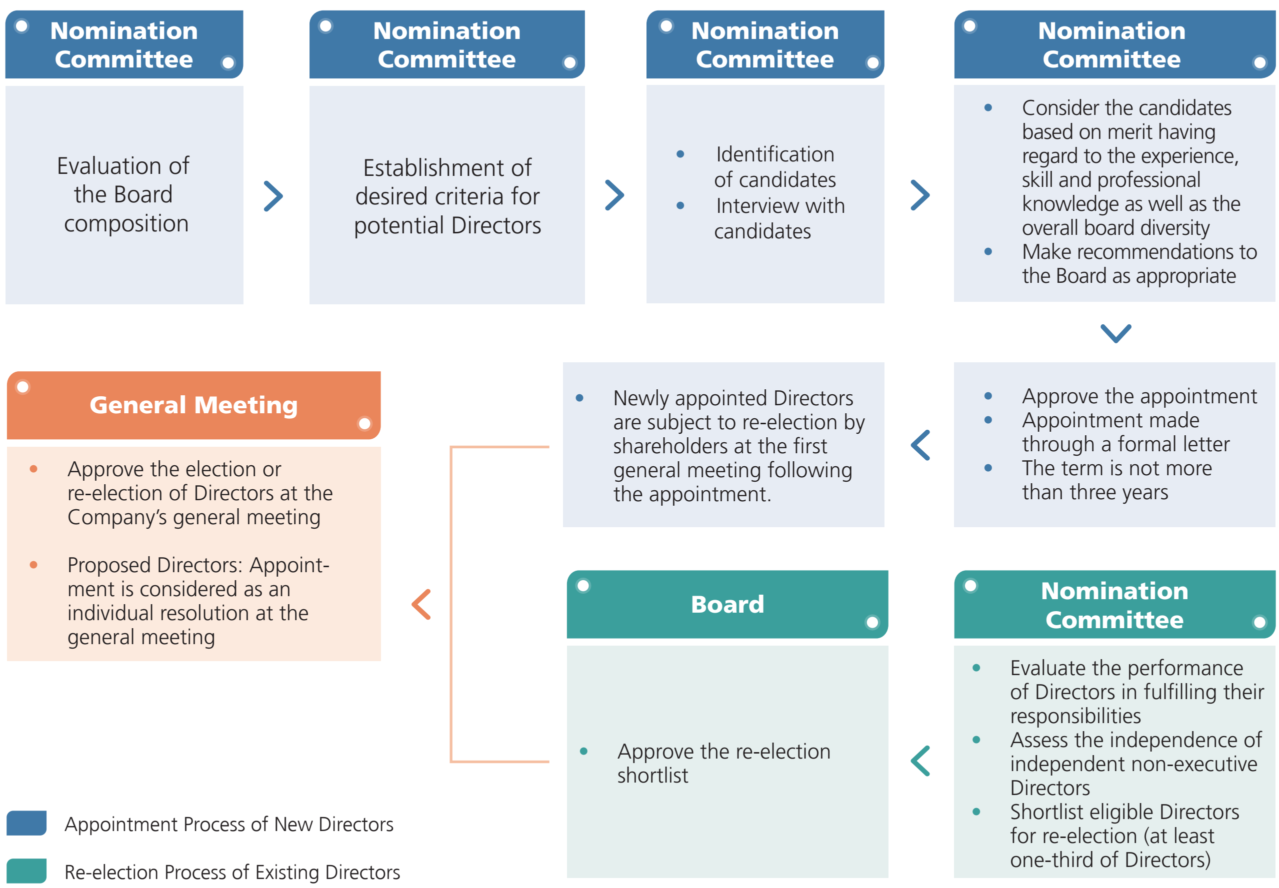
In the future, the Company will uphold the concept of diversity and equal opportunity in the recruitment of employees to ensure that the number of employees of different genders meets the development needs of the Company as far as possible.

The Group pays extra attention to the lawful rights and interests of female employees to protect the implementation of regulations on maternity and childbirth leave and the policy of regular physical examination. We also pay attention to the physical and mental health and career development of female employees by providing them with continually improving labor environment and conditions.

Nomination, Appointment and Successor Selection Process

After evaluating the composition of the Board, if the Nomination Committee decides to add members to the Board or select a successor, it will, consider seeking assistance in identifying suitable candidates by the following ways including but not limited to suggestion from major shareholder(s), from independent professional bodies, or through recommendations from business contacts and industry peers, or through other means, all at the Company's expense, and upon receipt of a proposal for the appointment of a new Director and the candidate's curriculum vitae (or relevant details), and in accordance with the Company's policy on diversity of members of the Board, the Nomination Committee considers and selects candidates for directorship by taking into account various factors, including but not limited to gender, age, cultural and educational background, ethnicity, expertise and skills and tenure of service, in determining the suitability of such candidates for directorship. Thereafter, the Nomination Committee recommends to the Board the appointment of a suitable person to serve as a Director (if applicable).

Process for appointing a Director



Upon appointment, new Directors will be provided with comprehensive, formal and tailor-made induction, orientation and training by the joint company secretaries to ensure their proper understanding of the operations and business of the Company and are fully aware of their responsibilities under the applicable regulatory requirements of laws and regulations and the Company's business and governance policies.

According to Bye-law 84 of the Bye-laws, each Director shall be subject to retirement by rotation at least once every three years. Meanwhile, based on the consideration of maintaining, as far as possible, a relatively balanced number of Directors being re-elected by rotation each year, the Nomination Committee considers various aspects, such as the culture, educational background, professional experience, knowledge, skills, ethnicity and age, of the Directors to fully reflect the diversity of the Board, while taking into account their respective contributions to the Board and their dedication to duties and academic qualifications. During the Year, the Nomination Committee nominated Mr. Ren Jiajun, being an executive Director, Mr. Mo Zhenglin, being an executive Director, Mr. Sang Jinghua, being an executive Director, and Ms. Wong Pui Sze, Priscilla, being an independent non-executive Director, to the Board for re-election by rotation at the annual general meeting. In order to avoid conflicts of interest, the Directors being re-elected by rotation were abstained from voting on the resolution for their own re-election at the meetings of the Board and/or the Nomination Committee.

Independence of Directors

The Company has received from each of the independent non-executive Directors the annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers that all of the independent non-executive Directors continued to demonstrate strong independence in judgement and were free from any business or other relationship which could interfere with their ability to discharge their duties effectively, and they therefore all remained independent and are considered as independent parties. All independent non-executive Directors are financially independent from the Group.

All members of the Board, with the assistance from the Nomination Committee, may participate in the selection and approval of the appointment of new Directors. Independent non-executive Directors are appointed for a specific term of three years. Ms. Tam Wai Chu, Maria, Dr. Wong Yau Kar, David, Mr. Fong Chung, Mark, and Ms. Wong Pui Sze, Priscilla, being the independent non-executive Directors, were re-elected and approved to serve as the independent non-executive Directors of the Company at the annual general meetings of the Company held on 12 June 2023, 12 June 2023, 16 June 2022 and 6 June 2024, respectively.

REMUNERATION COMMITTEE

Powers and Duties

The Remuneration Committee is authorized by the Board to study and determine the remuneration and incentive policies for the Directors and senior management of the Company, and provides advice to the Board on such remuneration and incentive policies for the Directors. To avoid conflicts of interest, any member who is interested in any given proposed resolution is required to abstain from voting on such resolution.

The terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

Composition of the Committee and Summary of Work during the Year

Composition of the Remuneration Committee (with four independent non-executive Directors and two executive Directors and is chaired by an independent non-executive Director):

Ms. Tam Wai Chu, Maria (Chairperson)
Mr. Zhong Fuliang
Mr. Fong Chung, Mark
Dr. Wong Yau Kar, David
Ms. Wong Pui Sze, Priscilla
Mr. Sang Jinghua

During the Year, the Remuneration Committee convened one physical meeting and one written resolution, and the attendance record of Directors was set out in the section headed "The Board of Directors" – "Board Procedures" of this report and a summary of its work is as follows:

1. Reviewed and determined policy for the remuneration of Directors;

2. Approving the terms of the executive Directors' service contracts;

3. In accordance with the evaluation of the performance of management staff (including executive Directors) and the business development of the Company, rewards were offered based on the relevant assessment and incentive mechanisms; and

4. Reviewed the total annual performance incentives for the Group's employees.

Directors' Remuneration

The remuneration of the executive Directors and the fees of the independent non-executive Directors of the Company are determined with reference to various factors such as market remuneration rate, performance, qualification requirements, time commitment, duties and responsibilities to be performed. In order to avoid duplication of remuneration for executive Directors who hold other executive positions within Sinopec Group Company and/or its subsidiaries, the controlling shareholder of the Company, or within the Company's subsidiaries, the Company will only pay a nominal salary of HK$1 per annum to any executive Director who holds other executive positions within Sinopec Group Company and/or its subsidiaries or within the Company's subsidiaries. In order not to impair the independence of the independent Directors, the Company does not provide equity-related fees with any performance related element to the independent non-executive Directors. The current fees for each of the independent non-executive Directors, as determined by the Remuneration Committee and approved by the Board, are HK$380,000 per annum. Further details of the remuneration of Directors are set out in Note 32 to the consolidated financial statements of this annual report. No Directors has waived any emoluments.

Group Emoluments Arrangement

The emoluments of the Group including senior management are considered having regard to their qualifications, experience, responsibilities, comparable market benchmarks, the Company's corporate strategy, objectives, operating results and individual performance. In particular, the performance incentives of the senior management team are reviewed and recommended by the Remuneration Committee and approved by the Board.

The remuneration of senior management as at 31 December 2024 by remuneration band is set out below:

Remuneration bands	Number of individuals
Below HK$1,000,000	1
HK$1,000,000 – HK$1,500,000	–
HK$1,500,001 – HK$2,000,000	1
HK$2,000,001 – HK$2,500,000	3

SHAREHOLDERS AND INVESTORS INFORMATION

Shareholder Engagement and Communications

The Board places high priority on maintaining balanced, clear and transparent communication with shareholders and other investors to facilitate their understanding on the performance and prospect of the Group, as well as the market environment in which the Group operates its business. The Company has maintained an ongoing dialogue with shareholders and other investors through different communication channels and to take into account any concerns when formulating business strategies.

Corporate communications and company website	• The Company regularly disseminates to shareholders information such as annual reports, interim reports, circulars and announcements in accordance with the Listing Rules, so as to ensure that corporate communications are published in a timely manner to enable shareholders and other stakeholders to keep abreast of the Group's business and development so that they can make informed decisions. • Shareholders may request for public information of the Company at any time. The corporate communications documents are available on the websites of the Group (www.sinopec.com.hk) and the Stock Exchange. • In support of environmental protection and more efficient communication with shareholders, the Company encourages shareholders to receive corporate communications documents through electronic communication. As of 31 December 2024, approximately 97.3% of shareholders have received corporate communications documents by electronic means.
Measures for the administration of shareholders communications and investor relations	• The Company enhances the communication with investors and potential investors through information disclosure and exchange to increase their understanding and recognition of the Company and to improve the governance standard of the Company, so as to maximize the overall interest of the Company and protect the legitimate rights and interests of investors. • The Company adheres to the following basic principles when communicating with investors and potential investors: (1) Compliance: The Company should be in strict compliance with the relevant laws and regulations or relevant regulatory documents issued by the SFC and the Stock Exchange and the Company's Bye-laws and related policies; (2) Equality: The Company shall conduct its investor relations activity in a manner that is fair to all investors; (3) Initiative: The Company should establish a two-way communication mechanism. On one hand, to introduce relevant information about the Company to investors, on the other hand, to convey investors' opinions and suggestions on the Company to the senior management of the Company in a timely manner, so as to maintain the relationship of mutual trust and align the interests of the Company and investors; (4) Honesty and trustworthiness: The Company should pay attention to integrity, adhere to the bottom line, standardize the operation, and assume responsibility in investor relations management activities, so as to create a healthy and good market ecology.

Establishment of a dedicated department and dedicated staff	• The Company has a dedicated department and dedicated staff specially for communicating with shareholders to solicit and understand the views of the shareholders and other stakeholders through various regular and irregular channels, including general meetings, roadshows, daily meetings and emails and publicly disclosing various contacts of the Company through multiple channels so that shareholders and investors can be informed of the Company's latest operations and development prospect in a timely manner, and at the same time, effectively convey different opinions from shareholders and all stakeholders to the senior management of the Company in a timely manner. • To make enquiries to the Board, shareholders may do so from time to time by email to dedicated staff of the Company (ir.skts@sinopec.com) or by writing to the joint company secretary of the Company at 34/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong, attn: Mr. Wang Xiaoming, joint company secretary.
Key financial dates	• Key financial dates and important dates for shareholders are set out in the section "Financial Calendar and Important Dates for Shareholders" of this report and in the "IR Calendar" under "Investor Relation" on the Company's website.
Dividend information	• The dividend policy of the Company is set out in the "Dividend Policy" section of this report.
Shareholder's Rights	• **Convening a general meeting** Pursuant to the Bye-laws of the Company for the time being in force, the Board may whenever it thinks fit call special general meetings, and any one or more member(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to either (i) require a special general meeting to be called by the Board for any business or resolution specified in such requisition; or (ii) add resolutions to a meeting agenda; and such meeting shall be held within two (2) months after the deposit of such requisition.

	Proposing resolutions at general meeting Pursuant to the Companies Act of Bermuda, shareholders can submit a written requisition to propose a resolution at a 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 of 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. In addition, the requisition must be signed by all of the concerned shareholders and 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 company secretary 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 the applicable laws and rules. **Proposing a person for election as Director** Pursuant to the Bye-laws of the Company, if a shareholder wishes to propose a person for election as a Director at a general meeting, he or she should give written notice of the nomination to the head office or registrar of the Company. The Company welcomes shareholders to attend general meetings to express their opinions and encourages all Directors to attend general meetings to directly communicate with shareholders. The external auditor is also required to attend annual general meetings to assist the Directors in answering any pertinent questions from shareholders.
Shareholding analysis	The Company conducts shareholding analysis from time to time to enable the senior management to have a better understanding on the changes in the Company's shareholding structure.
Shareholding enquiries	Shareholders should direct their questions about their shareholdings to the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

The Company's senior management has received regular work report on shareholders communication and investor relations management from the relevant department. The senior management of the Company has reviewed the above shareholders communication channels and policy adopted during the Year, their implementation and effectiveness, and confirmed that it remains effective and reported the implementation of the relevant work to the Board.

Shareholder Engagement and Communications

The investor relations team of the Company focuses on effective communication with and provision of relevant public information to investors and analysts to support the appropriate valuation on the Company's shares. Institutional investors and analysts can interact with the Chairman of the Board, General Manager and other senior management of the Company from time to time for updates on the development of the Group's strategic plans and operations, as well as corporate governance policies. During the Year, 122 meetings were held with institutional investors and analysts in Hong Kong, Mainland China and overseas. To facilitate effective investor relations, shareholding analysis has been conducted under Section 329 of the SFO to update the senior management of any material changes in the shareholding structure of the Company from time to time.

Investor Relations Activities in 2024

- Small group/one-on-one meetings
- Non-deal roadshows
- Analyst briefings
- Investor conferences
- Interim/annual results conference

Investor Relations Contact Details
Email: ir.skts@sinopec.com
Tel: 852-2508 0228

Views on the capital market are communicated to the Board from time to time, including sell-side rating and target price for the Company's shares and summaries of questions and feedback from investors and analysts. During 2024, investors' major areas of interest in the Group included:

1. The future development plan and strategic direction;
2. Updates on financial performance;
3. The operational performance of various businesses; and
4. Dividend policy.

To enhance investors' understanding of the Group's governance performance, the Company will provide related information to ESG rating institutions or ESG teams of institutional investors upon their request.

Issued Shares of the Company

As at 31 December 2024 and up to the date of this report, the Company had a total of 2,486,160,000 shares in issue.

As at 31 December 2024, there were 743 shareholders directly registered in the register of members of the Company and the remaining shareholders held shares of the Company through nominees or intermediaries, such as HKSCC Nominees Limited.

In addition, as the Company's shares are eligible for trading on Shenzhen-Hong Kong Stock Connect and Shanghai-Hong Kong Stock Connect, the total shareholdings held through China Securities Depository and Clearing Corporation Limited, which is regarded as a single shareholder, amounted to 221 million shares or 8.89% of the total issued shares of the Company as at 31 December 2024.

In addition, as at 31 December 2024, based on the public information available and to the best knowledge of the Directors of the Company, none of the Directors and senior management of the Company currently hold any shares in the Company and the shareholder structure is as follows:

Name of shareholder	Class of shares	Number of shares	Percentage of shareholdings (%)
Kantons International	Ordinary shares	1,500,000,000 shares	60.33
Public shares	Ordinary shares	986,160,000 shares	39.67

Dividend Policy

The dividend policy of the Company is as follows:

(1) The Company may distribute dividends in cash, stock and in any other manner as permitted under the applicable laws, regulations, Bye-laws and by the relevant regulatory authorities of the place(s) where the shares of the Company are listed;

(2) The Company may distribute interim and final dividends once a year respectively taking account of its financial condition and net realizable asset value. Subject to compliance with the applicable laws and regulations and the Bye-laws, the Board shall determine whether to pay any interim dividend or special dividend; and the general meeting shall determine whether to pay any final dividend. As the shares of the Company are denominated in Hong Kong dollars, cash dividends or other distributions shall be presented, denominated and paid in Hong Kong dollars. Dividends are pre-tax earnings, so shareholders of the Company are required to pay the corresponding taxes in accordance with the applicable laws and regulations;

(3) In respect of a financial year, during which both the net profit attributable to equity holders of the Company and the accumulated undistributed profit are positive, provided that the Company's cash flow can fulfill its normal operation and sustainable development, the total annual cash dividends (including the interim cash dividend and the final cash dividend) shall not be less than 20% of the profit attributable to equity holders of the Company for the full financial year;

(4) In the event of a force majeure such as war or natural disaster, or any change in external environment which imposes a significant impact on the Company's production and operation, or any change in dividends of the Company's operating entities which leads to a significant change in the Company's operating cash flow, or any significant change in the Company's own operation or financial conditions, or where the Board deems it necessary, the Board may amend the dividend distribution policy at any time, subject to the then relevant laws and regulations and the Bye-laws.

General Meeting

The general meeting provides a platform for constructive dialogue between the Company and its shareholders. Separate resolutions are proposed by the Company on each substantially separate issue and all resolutions are voted by means of poll with explanations on the voting method and procedure, and such poll is independently scrutinized and certified by the Company's Hong Kong branch share registrar and transfer office.

During the twelve months ended 31 December 2024, the Company convened one annual general meeting strictly in accordance with the relevant notices, convening and holding requirements under laws, regulations and the Bye-laws.

Annual General Meeting

The 2023 annual general meeting was convened on 6 June 2024. All executive Directors as at the date of the annual general meeting, i.e. Mr. Chen Yaohuan (resigned on 19 July 2024), Mr. Zhong Fuliang, Mr. Yang Yanfei, Mr. Ren Jiajun, Mr. Zou Wenzhi, Mr. Mo Zhenglin, Mr. Sang Jinghua, and all independent non-executive Directors, i.e. Ms. Tam Wai Chu, Maria, Mr. Fong Chung, Mark, Dr. Wong Yau Kar, David and Ms. Wong Pui Sze, Priscilla, attended the annual general meeting in person or through electronic communications. For details of the annual general meeting and the poll results, please refer to the relevant announcement of the Company published on the websites of the Stock Exchange and the Company on 6 June 2024.

For details of the attendance of Directors at the general meeting, please refer to the section headed "Board Procedures" in this report.

Changes in Constitutional Documents

For the year ended 31 December 2024, the Company has not made any changes to its Bye-laws. The latest version of the Company's Bye-laws is available on the websites of the Stock Exchange and the Company.

Financial Calendar and Important Dates for Shareholders

Dates	Matters
17 March 2025	Announcement of 2024 annual results
26 June 2025 10:30 a.m.	Annual general meeting
On or about 25 July 2025	Date of dividend payment
Before 31 August 2025	Announcement of 2025 interim results

INDEPENDENT AUDITOR'S REPORT

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

OPINION

We have audited the consolidated financial statements of Sinopec Kantons Holdings Limited ("**the Company**") and its subsidiaries ("**the Group**") set out on pages 71 to 144, which comprise the consolidated statement of financial position as at 31 December 2024, 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 notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("**the Code**") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

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

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Impairment assessment of interests in joint ventures and associates

Refer to note 4 (Critical accounting estimates and judgements), note 13 (Interests in associates), note 14 (Interests in joint ventures) to the consolidated financial statements and the accounting policies 2.11.

The Key Audit Matter	How the matter was addressed in our audit
The Group has significant investments in joint ventures and associates, which are accounted for under the equity method. As at 31 December 2024, the carrying amount of investments in joint ventures and associates amounted to approximately HK$6,853 million and HK$935 million respectively, in aggregate representing approximately 48% of the Group's total assets. Investments in joint ventures and associates are subject to impairment assessment whenever there is an impairment indicator. The financial performance of Vesta Terminals B.V. ("**Vesta**"), a joint venture, was significantly impacted by a number of factors including economic and geopolitical conditions, regional demand and supply of petrochemical products and conditions of facilities. In view of the uncertainties of the global business environment, management considered impairment indicators existed surrounding the Group's interest in Vesta as at 31 December 2024 and performed an impairment assessment thereon accordingly.	Our audit procedures to assess the impairment of interests in joint ventures and associates included the following: • understanding and evaluating the design and implementation of controls relating to the impairment assessment process; • assessing management's evaluation of indicators of impairment, identification of cash-generating unit ("**CGU**") and allocation of assets to the CGU with reference to the requirements of the prevailing accounting standards; • involving our internal valuation specialists to assist us in assessing the methodology applied with reference to the requirements of the prevailing accounting standards and assessing the appropriateness of discount rate adopted and whether the discount rate was within the range adopted by other companies in the same industry;

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

Impairment assessment of interests in joint ventures and associates

Refer to note 4 (Critical accounting estimates and judgements), note 13 (Interests in associates), note 14 (Interests in joint ventures) to the consolidated financial statements and the accounting policies 2.11.

The Key Audit Matter	How the matter was addressed in our audit
Management identified interest in Vesta as a separate CGU for impairment assessment purpose and compared the carrying value of the CGU with the recoverable amount, which was estimated by preparing a discounted cash flow forecast, to determine the amount of impairment loss, if any. The preparation of discounted cash flow forecast involved significant estimation and exercise of subjective judgements such as forecast revenue growth rate and discount rate. We identified impairment assessment of interests in joint ventures and associates as a key audit matter because the impairment assessment involved significant estimation and exercise of subjective judgements, which could be subject to management bias in their selection.	• evaluating the key assumptions adopted in the discounted cash flow forecast such as forecast revenue growth rate, by comparing with the historical information, our understanding on the relevant industries, committed contracts and the financial budget approved by the board of directors of Vesta; • comparing the actual results for the current year with management's estimates in their cash flow forecast prepared in the previous year to assess the historical accuracy of management's forecasting process and whether there was any indication of management bias; • evaluating the sensitivity analyses performed by the management on the key assumptions such as forecast revenue growth rate and discount rate and assessing whether there were indicators of management bias in the selection of these assumptions; and • assessing the reasonableness of the disclosures in relation to the impairment assessment in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

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

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
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(incorporated in Bermuda with limited liability)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
SINOPEC KANTONS HOLDINGS LIMITED
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From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Guo, Xiaofei.

KPMG
Certified Public Accountants

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

17 March 2025

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Revenue	5, 6	**667,091**	609,872
Cost of providing services	8	**(343,369)**	(351,549)
Gross profit		**323,722**	258,323
Other income and other gains, net	7	**982**	80,611
Distribution costs		**(18,631)**	(17,841)
Administrative expenses	8	**(132,065)**	(134,169)
Operating profit		**174,008**	186,924
Finance income	10	**259,652**	237,262
Finance costs	11	**(1,700)**	(1,082)
Share of results of:			
– Joint ventures	14	**695,960**	798,346
– Associates	13	**159,072**	179,346
Profit before income tax		**1,286,992**	1,400,796
Income tax expenses	15	**(109,592)**	(102,310)
Profit for the year		**1,177,400**	1,298,486
Profit attributable to:			
Equity holders of the Company		**1,177,396**	1,298,612
Non-controlling interests		**4**	(126)
Profit for the year		**1,177,400**	1,298,486
Basic and diluted earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share):	16	**47.36**	52.23

The notes on pages 77 to 144 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024	2023
	HK$'000	HK$'000
Profit for the year	**1,177,400**	1,298,486
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on currency translation		
– Subsidiaries	**(35,854)**	(31,637)
– Joint ventures	**(143,244)**	(31,108)
– Associates	**(17,035)**	(17,770)
	(196,133)	(80,515)
Cash flow hedges		
– Joint ventures	**38,105**	(21,183)
– An associate	**4,642**	367
	42,747	(20,816)
Other comprehensive income for the year, net of nil tax	**(153,386)**	(101,331)
Total comprehensive income for the year	**1,024,014**	1,197,155
Total comprehensive income for the year attributable to:		
Equity holders of the Company	**1,024,010**	1,197,281
Non-controlling interests	**4**	(126)
Total comprehensive income for the year	**1,024,014**	1,197,155

The notes on pages 77 to 144 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2024 HK$'000	31 December 2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	18	**1,307,286**	1,396,683
Right-of-use assets	17	**62,427**	74,527
Investment properties	19	**14,862**	16,100
Intangible assets		**965**	1,337
Interests in joint ventures	14	**6,852,681**	6,712,373
Interests in associates	13	**934,993**	1,075,260
Total non-current assets		**9,173,214**	9,276,280
Current assets			
Inventories	21	**2,887**	3,475
Trade and other receivables	20	**179,715**	922,118
Time deposits with original maturity of more than three months	23	**6,355,558**	3,987,998
Cash and cash equivalents	22	**587,573**	1,837,352
Total current assets		**7,125,733**	6,750,943
Total assets		**16,298,947**	16,027,223
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	24	**248,616**	248,616
Reserves		**15,668,642**	15,266,172
Equity attributable to equity holders of the Company		**15,917,258**	15,514,788
Non-controlling interests		**1,947**	1,943
Total equity		**15,919,205**	15,516,731
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	29	**136,920**	195,248
Government grants		**45,472**	49,707
Lease liabilities	17	**29,555**	36,869
Total non-current liabilities		**211,947**	281,824
Current liabilities			
Trade and other payables	28	**145,904**	181,442
Income tax payable		**14,317**	40,006
Lease liabilities	17	**7,574**	7,220
Total current liabilities		**167,795**	228,668
Total liabilities		**379,742**	510,492
Total equity and liabilities		**16,298,947**	16,027,223
Net current assets		**6,957,938**	6,522,275
Total assets less current liabilities		**16,131,152**	15,798,555

The consolidated financial statements on pages 71 to 144 were approved by the board of directors on 17 March 2025 and were signed on its behalf:

Zhong Fuliang
Chairman

Sang Jinghua
Executive Director

The notes on pages 77 to 144 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Note	Share capital HK$'000	Share premium HK$'000	Specific reserve HK$'000 (Note 25c)	Merger reserve HK$'000 (Note 25a)	General reserve HK$'000 (Note 25b)	Hedging reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Subtotal HK$'000	Non-Controlling Interest HK$'000	Total Equity HK$'000
		Attributable to equity holders of the Company										
Balance at 1 January 2023		248,616	6,300,684	127	23,444	296,079	54,577	(454,375)	8,395,310	14,864,462	2,069	14,866,531
Comprehensive income:												
Profit for the year		–	–	–	–	–	–	–	1,298,612	1,298,612	(126)	1,298,486
Other comprehensive income												
Exchange differences on currency translation:												
– Subsidiaries		–	–	–	–	–	–	(31,637)	–	(31,637)	–	(31,637)
– Joint ventures		–	–	–	–	–	–	(31,108)	–	(31,108)	–	(31,108)
– Associates		–	–	–	–	–	–	(17,770)	–	(17,770)	–	(17,770)
Cash flow hedges:												
– Joint ventures		–	–	–	–	–	(21,183)	–	–	(21,183)	–	(21,183)
– An associate		–	–	–	–	–	367	–	–	367	–	367
Other comprehensive income for the year, net of nil tax		–	–	–	–	–	(20,816)	(80,515)	–	(101,331)	–	(101,331)
Total comprehensive income for the year		–	–	–	–	–	(20,816)	(80,515)	1,298,612	1,197,281	(126)	1,197,155
Transaction with owners												
Appropriation of reserves		–	–	7,557	–	–	–	–	(7,557)	–	–	–
Utilisation of specific reserve for the year		–	–	(6,793)	–	–	–	–	6,793	–	–	–
Dividends	26	–	–	–	–	–	–	–	(546,955)	(546,955)	–	(546,955)
Total transaction with owners		–	–	764	–	–	–	–	(547,719)	(546,955)	–	(546,955)
Balance at 31 December 2023		248,616	6,300,684	891	23,444	296,079	33,761	(534,890)	9,146,203	15,514,788	1,943	15,516,731

The notes on pages 77 to 144 form part of these financial statements.

For the year ended 31 December 2024

		Attributable to equity holders of the Company										
	Note	Share capital HK$'000	Share premium HK$'000	Specific reserve HK$'000 (Note 25c)	Merger reserve HK$'000 (Note 25a)	General reserve HK$'000 (Note 25b)	Hedging reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Subtotal HK$'000	Non-Controlling Interest HK$'000	Total Equity HK$'000
Balance at 1 January 2024		248,616	6,300,684	891	23,444	296,079	33,761	(534,890)	9,146,203	15,514,788	1,943	15,516,731
Comprehensive income:												
Profit for the year		–	–	–	–	–	–	–	1,177,396	1,177,396	4	1,177,400
Other comprehensive income												
Exchange differences on currency translation:												
– Subsidiaries		–	–	–	–	–	–	(35,854)	–	(35,854)	–	(35,854)
– Joint ventures		–	–	–	–	–	–	(143,244)	–	(143,244)	–	(143,244)
– Associates		–	–	–	–	–	–	(17,035)	–	(17,035)	–	(17,035)
Cash flow hedges:												
– Joint ventures		–	–	–	–	–	38,105	–	–	38,105	–	38,105
– An associate		–	–	–	–	–	4,642	–	–	4,642	–	4,642
Other comprehensive income for the year, net of nil tax		–	–	–	–	–	42,747	(196,133)	–	(153,386)	–	(153,386)
Total comprehensive income for the year		–	–	–	–	–	42,747	(196,133)	1,177,396	1,024,010	4	1,024,014
Transaction with owners												
Appropriation of reserves		–	–	9,564	–	–	–	–	(9,564)	–	–	–
Utilisation of specific reserve for the year		–	–	(9,533)	–	–	–	–	9,533	–	–	–
Dividends	26	–	–	–	–	–	–	–	(621,540)	(621,540)	–	(621,540)
Total transaction with owners		–	–	31	–	–	–	–	(621,571)	(621,540)	–	(621,540)
Balance at 31 December 2024		248,616	6,300,684	922	23,444	296,079	76,508	(731,023)	9,702,028	15,917,258	1,947	15,919,205

The notes on pages 77 to 144 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Cash generated from operations	27(a)	**280,790**	742,107
Income tax paid		**(90,687)**	(102,547)
Withholding tax paid		**(101,318)**	(21,432)
Net cash generated from operating activities		**88,785**	618,128
Cash flows from investing activities			
Purchase of property, plant and equipment		**(121,756)**	(78,672)
Purchase of intangible assets		**–**	(1,488)
Loans and interest repaid by joint ventures		**80,729**	84,277
Loans and interest repaid by an associate		**6,914**	5,764
Dividend received from joint ventures		**1,130,288**	398,466
Dividend received from associates		**282,271**	149,075
Bank interest income received		**285,638**	158,414
Proceeds from disposal of property, plant and equipment		**2,326**	–
Increase in investment cost of a joint venture	14	**–**	(432,592)
Increase in time deposits with original maturity of more than three months		**(2,367,560)**	(987,998)
Net cash used in investing activities		**(701,150)**	(704,754)
Cash flows from financing activities			
Repayment of lease liabilities	27(b)	**(8,041)**	(10,086)
Dividends paid to owners of the Company	27(b)	**(621,540)**	(546,955)
Net cash used in financing activities		**(629,581)**	(557,041)
Net decrease in cash and cash equivalents		**(1,241,946)**	(643,667)
Cash and cash equivalents at 1 January		**1,837,352**	2,490,097
Effect of foreign exchange rate changes		**(7,833)**	(9,078)
Cash and cash equivalents at 31 December	22	**587,573**	1,837,352

The notes on pages 77 to 144 form part of these 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 provision of crude oil jetty services. The joint ventures and associates of the Group are principally engaged in operation of crude oil and oil product terminals and ancillary facilities, provision of logistics services including storage, transportation and terminal services, details of which are set out in Notes 13 and 14.

The Group's financial statements are presented in Hong Kong dollars ("**HK$**"), unless otherwise stated. These financial statements have been approved by the board of directors for issue on 17 March 2025.

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies

New and amended standards adopted by the Group

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

Amendments to HKAS 1	*Presentation of financial statements – classification of liabilities as current or non-current*
Amendments to HKAS 1	*Presentation of financial statements – Non-current liabilities with covenants*
Amendments to HKFRS 16	*Leases – Lease liability in a sale and leaseback*
Amendments to HKAS 7	*Statement of cash flows and HKFRS 7, Financial instruments: Disclosures – Supplier finance arrangements*

Adoption of the above amendments does not have a material impact on how the Group's results and financial position for the current or prior periods have been prepared or presented.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.3 New standards and interpretations not yet adopted

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*	1 January 2025
Amendments to HKFRS 9, *Financial instruments and HKFRS 7, Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adopted of them is unlikely to have a significant impact on the consolidated financial statements.

2.4 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 statement items 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 party's perspective. No amount is recognised in consideration for goodwill or excess of acquirer's 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Subsidiaries (Continued)

(i) Merger accounting for common control combinations (Continued)

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the beginning of the previous reporting period 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 they are incurred.

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

Apart from the business combination under common control which is accounted for using the principles of merger accounting prescribed in AG 5 (Note 2.4(i)), the Group applies the acquisition method of accounting to account for non-common control business combinations.

The consideration transferred for the acquisition of a subsidiary includes the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, the equity interests issued by the Group and 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-measurements 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Subsidiaries (Continued)

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

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 statement.

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.

(iii) Separate financial statements

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.

2.5 Associates

An associate is an entity 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 associates 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 thereafter adjusted to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in associates include goodwill identified on 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 associates 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 consolidated income statement, 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 associates equals or exceeds its interest in the associate, 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 associate.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 Associates (Continued)

The Group determines at each reporting date whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated income statement.

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

Gain or losses on dilution of equity interests in associates are recognised in the consolidated income statement.

2.6 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. 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.

The Group determines at each reporting date whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and it's carrying value and recognises the amount in the consolidated 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 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 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 HK$, 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 consolidated income statement.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

2.8 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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
– 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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment (Continued)

The assets' residual values and useful lives are reviewed annually, and adjusted if appropriate.

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 (Note 2.11).

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognized in profit or loss.

Gains and losses on retirement or disposals are determined by comparing proceeds with the carrying amount and are recognised in the consolidated income statement on the date of retirement or disposal.

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.

When one or more items of property, plant and equipment is acquired in exchange for non-monetary asset or assets, or a combination of monetary and non-monetary assets, the cost of such an item of property, plant and equipment is measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable.

2.9 Investment properties

Investment properties, comprising buildings, are held for long-term rental yields or for capital appreciation or both, and that are 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 allocate the cost of investment properties over their estimated useful lives of 30 to 40 years.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.10 Goodwill

Goodwill arises on the acquisition of subsidiaries and represents 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 identified net assets acquired.

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.

2.11 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested 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 of disposal 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 that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.12 Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the board of directors (the "**Group's chief operating decision maker**") for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.13 Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated income statement.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. There are three measurement categories into which the Group classifies the debt instruments:

(a) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in the consolidated income statement using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income and other gains, net. Any gain or loss arising on derecognition is recognised directly in profit or loss.

(b) Fair value through other comprehensive income ("**FVOCI**"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' contractual cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

(c) Fair value through profit or loss ("**FVPL**"): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.14 Offsetting financial instruments

Financial assets and liabilities are presented respectively in the consolidated statement of financial position, without any offset. However, they are offset and the net amount reported in the balance sheet when the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on the occurrence of future events and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all of the counterparties.

2.15 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group's certain joint venture and an associate designate certain derivatives as the hedging instruments to hedge particular risks associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

Cash flow hedges

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset such as inventory, the associated gain or loss is reclassified from equity to be included in the initial cost of the non-financial asset.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedged cash flows affect profit or loss (such as when a forecast sale occurs or interest expense is recognised).

If a hedge no longer meets the criteria for hedge accounting (including when the hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, but the hedge forecast transaction is still expected to occur, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the amount that has been accumulated in the hedging reserve is reclassified from equity to profit or loss immediately.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("**ECL**") on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, loans to joint ventures and associates, cash and cash equivalents and time deposits with original maturity of more than three months).

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast general economic conditions at the reporting date.

The Group always recognises lifetime ECL for trade receivables. To measure ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL on these assets are assessed using simplified expected credit loss model.

For all other instruments, the Group measures the loss allowance equal to 12m ECL unless, when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor; or

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

(ii) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, etc, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(iii) Definition of default and credit-impaired financial assets

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– significant financial difficulty of the issuer or the borrower;

– a breach of contract, such as a default or past due event;

– the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

– it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

– the disappearance of an active market for that financial asset because of financial difficulties; or

– the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 Impairment of financial assets (Continued)

(iv) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the money market rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective probability of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognised through a loss allowance account.

2.17 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments; and

- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.17 Financial guarantee contracts (Continued)

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12m ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in Note 2.16 applies.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

2.18 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. 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. The details of the Group's impairment policies is set out in Note 2.16.

2.19 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for expected credit loss in accordance with the policy set out in Note 2.16.

2.20 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.

2.21 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.22 Borrowing costs

General and specific borrowing costs that are 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 the consolidated income statement in the period in which they are incurred.

2.23 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the profit or loss, 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 and its subsidiaries, associates and joint ventures 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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

– temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

– temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

– taxable temporary differences arising on the initial recognition of goodwill; and

– those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.23 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, 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.

2.24 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined benefit plan obligations

The Group operates a defined contribution MPF Scheme under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme in the Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement 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.

Moreover, the employees of the Group's subsidiaries in Hong Kong may be entitled to LSP under the Hong Kong Employment Ordinance, which is accounted for as defined benefit obligation. The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. The estimated amount of future benefit for LSP obligations is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

The employees of the Group's subsidiary which operate in Mainland China are required to participate in a central retirement benefit scheme operated by the local municipal or provincial government. The subsidiary in the People's Republic of China (the "**PRC**") is 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.24 Employee benefits (Continued)

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

2.25 Provisions and contingent liabilities

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 can be 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 management's best estimates of the expenditures expected to be required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is 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 finance cost.

Where is it not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.26 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the services in the ordinary course of the Group's business. If contracts involve the multiple performance obligations, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. Revenues are recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of the good or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset. Further details of the Group's revenue recognition policies are as follows:

Crude oil jetty and storage service income

Crude oil jetty service and storage service income is recognised when the services are rendered. Service income is recognised in the accounting period in which the provision of services occurs. Customers are invoiced upon the completion of services or on a regular basis. Some contracts include multiple elements and they are accounted for as separate performance obligations. Revenue from each of the performance obligations is recognised at the stand-alone service price.

2.27 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.28 Management fee income

Management fee income is recognised when the services are rendered.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.29 Dividend income

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

2.30 Leases

The Group leases various offices. Rental contracts are typically made for fixed periods of 3 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes. Prepaid land lease payments represent the consideration paid to lease the state-owned land in the PRC with lease terms of approximately 50 years typically.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease liability is remeasured when there is a change in future lease payments arising from a change in index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated income statement if the carrying amount of the right-of-use asset has been reduced to zero.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.30 Leases (Continued)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Group has short-term leases with a remaining lease term of less than 12 months for the hire of property, plant and equipment, which are recognised on a straight-line basis as an expense in the consolidated income statement.

Lease income from operating leases where the Group is a lessor is recognised in consolidated income statement on a straight-line basis over the lease term (Note 19(a)). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature.

2.31 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.32 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.

Government grants relating to costs are deferred and recognised in the consolidated financial statements over the period necessary to match with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

2.33 Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Foreign exchange rate risk

Foreign exchange risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The functional currency of the Company is HK$. The functional currency of the Group's major subsidiaries with principal country of operation in Hong Kong and the PRC are HK$ and Renminbi ("**RMB**") respectively. The Group's foreign exchange risks arise mainly from the cash and bank balances (including time deposits) in currencies other than HK$ and RMB, as well as loans to joint ventures and an associate, which are usually held by the Hong Kong entities, denominated in US dollars ("**US$**").

If HK$ against US$ strengthens/weakens by 1%, the Group's post-tax profit will decrease/increase by the amounts shown below. This analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to the foreign currency balance to which the Group has significant exposure as stated above, and that all other variables remain constant.

	2024		2023	
	Increase/ (decrease) in foreign exchange rates	**(Decrease)/ increase in post-tax profit HK$'000**	Increase/ (decrease) in foreign exchange rates	(Decrease)/ increase in post-tax profit HK$'000
US$	**1%**	**(31,473)**	1%	(22,389)
	(1%)	**31,473**	(1%)	22,389

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's cash flow interest rate risk primarily arises from variable-rate bearing assets, majority of which are bank deposits.

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's interest-bearing assets at the end of the reporting period:

	2024		2023	
	HK$'000	Effective interest rate	HK$'000	Effective interest rate
Variable-rate bearing assets				
Bank deposits	**401,593**	**0.2%**	815,058	0.3%
Fixed-rate bearing assets				
Loans to joint ventures	**906,432**	**5.6%**	935,712	5.6%
Loan to an associate	**30,699**	**6.8%**	35,374	6.8%
Bank deposits with original maturity of less than three months	**185,980**	**1.5%**	1,022,294	3.8%
Time deposits with original maturity of more than three months	**6,355,558**	**4.3%**	3,987,998	4.6%
	7,478,669		5,981,378	
Total exposure	**7,880,262**		6,796,436	

Sensitivity analysis

At 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by approximately HK$4,016,000 (2023: HK$8,151,000).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's deposits placed with financial institutions, receivables from customers and loans to joint ventures and an associate.

To limit exposure to credit risk relating to deposits, the Group primarily places cash deposits only with large banks and financial institutions with sound external credit rating of "investment grade" as per globally understood definitions, which the Group considers to represent low credit risk.

Trade receivables

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs. To measure ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. As the Group's historical credit loss experience indicates significantly different loss patterns for different customer bases, the loss allowance based on past due status is distinguished between the Group's different customer bases, which are separated into related parties and third parties. Taking into account the financial position, past experience, other factors of the related parties, such as external credit ratings, as well as forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, management considered that the credit risk associated with trade receivables from related parties is low, and the expected credit loss allowances are immaterial.

As at 31 December 2024, no single customer accounted for greater than 10% of total accounts receivable, except the amounts due from Sinopec Corp., an intermediate holding company, and other related parties. Management performs ongoing credit evaluations of the Group's customers' financial condition and generally does not require collateral on trade receivable. There was no history of significant doubtful accounts nor actual bad debt loss.

Loans to joint ventures and an associate

The maximum exposure to credit risk in respect of the loans to joint ventures and an associate at the end of the reporting period and the key terms of the loans are disclosed in Notes 13 and 14 respectively. The Group considers the credit risk associated with the loans to joint ventures and an associate is low, taking into account the financial position, historical loss experience with these joint ventures and associate, as well as other forward-looking information on macroeconomic factors affecting the settlement ability.

The carrying amounts of cash and cash equivalents, time deposits with original maturity of more than three months, trade and other receivables and loans to joint ventures and an associate, represent the Group's maximum exposure to credit risk in relation to financial assets.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(d) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Management prepares monthly cash flow budget to ensure that the Group will always have sufficient liquidity to meet its financial obligations as they fall due. The Group arranges and negotiates financing with financial institutions to reduce the Group's liquidity risk.

The following table sets out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on prevailing rates current at the balance sheet date) and the earliest date the Group would be required to repay:

	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying values
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2024						
Trade and other payables	**145,904**	**–**	**–**	**–**	**145,904**	**145,904**
Lease liabilities	**7,966**	**7,966**	**6,785**	**26,103**	**48,820**	**37,129**
At 31 December 2023						
Trade and other payables	181,442	–	–	–	181,442	181,442
Lease liabilities	8,028	8,028	13,458	27,794	57,308	44,089

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management

Management optimises the structure of the Group's capital, which comprises of equity and borrowings. In order to maintain or adjust the capital structure of the Group, management may cause the Group to issue new shares, adjust the capital expenditure plan, adjust the investment plan or adjust the proportion of short-term and long-term borrowings. Management monitors capital on the basis of the current ratio (current assets divided by current liabilities) and net debt-to-capital ratio (lease liabilities and trade and other payables less cash and cash equivalents divided by total equity).

Management's strategy is to make appropriate adjustments according to the Group's operating and investment needs and the changes of market conditions, and to maintain the current ratio and net debt-to-capital ratio at a range considered reasonable. The net debt-to-capital ratio of the Group is negative as at 31 December 2024 and 2023.

	2024	2023
Current ratio	**42.47**	29.52

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

Impairment assessment of interests in joint ventures and associates

Interests in joint ventures and associates are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Impairment assessment of interests in joint ventures and associates (Continued)

In view of the uncertainties of the global business environment, the Group continued to perform an impairment assessment on its interest in Vesta as at 31 December 2024. The interest in Vesta is identified as a single CGU for such impairment assessment purpose. The recoverable amount, which is the value-in-use ("**VIU**") estimated using discounted cash flow model, amounted to HK$1,058 million (EUR130 million). The VIU calculation was based on key assumptions, including (i) forecast revenue which was primarily based on committed revenue contracts; (ii) forecast revenue growth of 2% (2023: 2%) based on management's expectation and relevant market indexes; (iii) terminal grow rate of 2% (2023: 2%) made with reference to relevant market indexes and (iv) pre-tax discount rate of 9.1% (2023: 8.5%) per annum, which is based on estimated cost of capital reflecting the current market assessment of the time value of money.

The valuation is highly sensitive to certain key assumptions, in particular, revenue and discount rate. The valuation will further reduce the headroom following the changes of certain key assumptions such as:

- A 1% decrease in revenue growth rate would reduce the headroom by HK$194 million (EUR24 million)

- A 100 basis points increase in the discount rate would reduce the headroom by HK$164 million (EUR20 million)

Based on the impairment assessment, no impairment loss or reversal of impairment loss is recognised during the year ended 31 December 2024.

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 chief operating decision-maker ("**CODM**") for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments, namely, crude oil jetty and storage services and vessel chartering and logistics services. All operating segments which fulfill the aggregation criteria under HKFRS 8, *Operating segments* have been identified by the Group's CODM and aggregated in arriving at the reportable segments of the Group.

– Crude oil jetty and storage services: this segment provides crude oil transportation, unloading, storage and other jetty services for oil tankers. Currently, the Group's activities in this regard, including those carried out through its joint ventures and associate, are carried out in the PRC, Europe and the Middle East.

– Vessel chartering and logistics services: this segment provides vessel chartering services for liquefied natural gas transportation. Currently, the Group's activities in this regard are mainly carried out through its joint venture and associate in the PRC, Australia and Papua New Guinea.

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

5 SEGMENT REPORTING (CONTINUED)

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

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

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

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

5 SEGMENT REPORTING (CONTINUED)

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

(a) Segment results, assets and liabilities

(i) As at and for the year ended 31 December 2024:

For the year ended 31 December 2024

	Crude oil jetty and storage services HK$'000	Vessel chartering and logistics services HK$'000	Total HK$'000
Segment revenue	667,091	–	667,091
Inter-segment revenue	–	–	–
Revenue from external customers	667,091	–	667,091
Segment results			
– Subsidiary	269,125	–	269,125
– Joint ventures	594,026	101,934	695,960
– Associates	141,467	17,605	159,072
	1,004,618	119,539	1,124,157
Other unallocated corporate net income			162,835
Profit before income tax			1,286,992
Income tax expenses			(109,592)
Profit for the year			1,177,400

For the year ended 31 December 2024

	Crude oil jetty and storage services HK$'000	Vessel chartering and logistics services HK$'000	Total HK$'000
Other segment items			
Finance income	3,979	–	3,979
Depreciation			
– Property, plant and equipment	(137,441)	–	(137,441)
– Right-of-use assets	(9,114)	–	(9,114)
Additions to non-current segment assets	90,509	–	90,509
Loss on disposal of property, plant and equipment (Note 7)	(7,456)	–	(7,456)

5 SEGMENT REPORTING (CONTINUED)

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

(i) As at and for the year ended 31 December 2024: (Continued)

As at 31 December 2024

	Crude oil jetty and storage services HK$'000	Vessel chartering and logistics services HK$'000	Total HK$'000
Segment assets			
– Subsidiary	1,452,973	–	1,452,973
– Joint ventures	5,328,287	1,524,394	6,852,681
– Associates	847,346	87,647	934,993
	7,628,606	1,612,041	9,240,647
Unallocated assets			
– Cash and cash equivalents			587,573
– Time deposits with original maturity of more than three months			6,355,558
– Other receivables			88,383
– Investment properties			14,862
– Right-of-use assets			
• properties in Hong Kong			9,229
– Property, plant and equipment			1,730
– Intangible assets			965
			7,058,300
Total assets			16,298,947
Segment liabilities	147,666	–	147,666
Unallocated liabilities			
– Other payables			85,576
– Income tax payable			135
– Lease liabilities			9,445
– Deferred income tax liabilities			136,920
			232,076
Total liabilities			379,742

5 SEGMENT REPORTING (CONTINUED)

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

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

For the year ended 31 December 2023

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

For the year ended 31 December 2023

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

5 SEGMENT REPORTING (CONTINUED)

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

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

As at 31 December 2023

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

5 SEGMENT REPORTING (CONTINUED)

(b) Analysis of information by geographical regions

During the years ended 31 December 2024 and 2023, all of the Group's revenue was generated from the customers located in the PRC.

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

Non-current assets

	2024 HK$'000	2023 HK$'000
The PRC	**6,099,700**	6,284,352
Hong Kong	**1,638,380**	1,529,123
Europe	**793,515**	860,990
United Arab Emirates	**641,175**	601,322
Other regions	**444**	493
Total non-current assets	**9,173,214**	9,276,280

Total assets

	2024 HK$'000	2023 HK$'000
The PRC	**6,579,139**	7,331,996
Hong Kong	**8,279,693**	7,226,016
Europe	**793,515**	860,990
Indonesia	**4,981**	6,406
United Arab Emirates	**641,175**	601,322
Other regions	**444**	493
Total assets	**16,298,947**	16,027,223

(c) Major customers

For the purpose of disclosure under segment reporting, the 2024 revenue from provision of crude oil jetty and storage service derived from transactions with branches and subsidiaries of Sinopec Group, including Sinopec Corp (Guangzhou Branch) and Sinopec Fuel Oil Sales Corporation Limited, amounted to approximately HK$592,972,000 (2023: HK$548,366,000), representing 89% of the Group's total revenue (2023: 90%).

6 REVENUE

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

	2024 HK$'000	2023 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Provision of crude oil jetty services (Note)	**504,058**	477,920
Revenue from other sources		
Rental revenue from operating leases with customers		
– Lease payments that are fixed or depend on an index or a rate	**52,591**	63,122
– Variable lease payments that do not depend on an index or a rate	**110,442**	68,830
	163,033	131,952
	667,091	609,872

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

7 OTHER INCOME AND OTHER GAINS, NET

	2024 HK$'000	2023 HK$'000
Other income:		
– Rental income from investment properties	**2,585**	2,399
– Government grants:		
– Value-added tax refund	**4,359**	11,422
– Amortisation of deferred government grant	**3,218**	3,262
– Interest income from loans to:		
– Joint ventures	**51,449**	53,130
– An associate	**2,239**	2,484
– Management fee income from a joint venture	**4,438**	4,207
	68,288	76,904
Other (losses)/gains:		
– Net foreign exchange (losses)/gains	**(59,254)**	4,186
– Net losses on disposal of property, plant and equipment	**(7,456)**	(474)
– Others	**(596)**	(5)
	(67,306)	3,707
	982	80,611

8 EXPENSES BY NATURE

	2024 **HK$'000**	2023 HK$'000
Depreciation		
– property, plant and equipment (Note 18)	**137,969**	132,436
– investment properties (Note 19)	**1,238**	1,237
– right-of-use assets (Note 17)	**13,908**	14,172
Amortisation		
– Intangible assets	**372**	151
Employee benefit expenses, including directors' remuneration (Note 9)	**153,014**	149,131
Auditor's remuneration		
– the Company	**2,000**	2,000
– subsidiaries	**3,285**	3,302
– non-audit services	**–**	–
Expenses relating to short-term leases		
– hire of a property	**1,830**	1,729

9 EMPLOYEE BENEFIT EXPENSES

	2024 HK$'000	2023 HK$'000
Wages, salaries and other benefits	**136,469**	133,615
Retirement benefit scheme contributions	**16,545**	15,516
	153,014	149,131

The Group operates a 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 Group's subsidiaries established in the PRC have participated in defined contribution retirement schemes organised by respective local government. These subsidiaries are required to make contributions to the respective scheme at certain percentage of the employees' relevant basic salaries. Contributions to the schemes vest immediately.

There are no forfeited contributions for the MPF Scheme as the contributions are fully vested to the employees upon payments to the MPF Scheme.

There are no fortified contributions for the PRC retirement schemes as the contributions are fully vested to the employees upon payments to the PRC retirement schemes.

As at 31 December 2024, there was no material outstanding contribution to employee retirement benefits. The Group does not have any other material obligations other than the contributions described above.

9 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

(a) Five highest paid individuals

Of the five individuals whose emoluments were the highest, one (2023: one) is director whose emoluments are disclosed in Note 32(a). The aggregate of the emoluments in respect of the other four (2023: four) individuals are as follows:

	2024 **HK$'000**	2023 HK$'000
Salaries, allowances and other benefits-in-kind	**4,258**	5,163
Bonuses	**5,528**	5,512
Retirement scheme contributions	**–**	–
	9,786	10,675

The emoluments of the four (2023: four) individuals with the highest emoluments are within the following bands:

	Number of individuals **2024**	2023
Emolument bands		
HK$2,000,001 – HK$2,500,000	**3**	1
HK$2,500,001 – HK$3,000,000	**1**	2
HK$3,000,001 – HK$3,500,000	**–**	1
	4	4

10 FINANCE INCOME

	2024 **HK$'000**	2023 HK$'000
Finance income:		
– Deposits at banks and related financial institutions	**259,652**	237,262
	259,652	237,262

11 FINANCE COSTS

	Note	**2024** **HK$'000**	2023 HK$'000
Finance costs:			
– from lease liabilities	17	**1,700**	1,082
		1,700	1,082

12 SUBSIDIARIES

The following is a list of subsidiaries as at 31 December 2024 and 2023:

	Place of incorporation/ establishment and type of legal entity	Principal country of operation	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 2024	% held by the Group in 2023	**% held by non-controlling Interests in 2024**	% held by non-controlling interests in 2023
Directly held								
Sinomart KTS Development Ltd. ("**Sinomart Development**") (經貿冠德發展有限公司)	Hong Kong/Limited liability company	Hong Kong	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 (b))	**100%**	100%	**–**	–
Kantons International Investment Ltd. ("**KII**") (冠德國際投資有限公司)	British Virgin Islands/ Limited liability company	Hong Kong	Investment holding	3,000,000 ordinary shares of US$1 each	**100%**	100%	**–**	–
Indirectly held								
Huade Petrochemical (Note (a)) (惠州市大亞灣華德石化有限公司)	The PRC/Limited liability company	The PRC	Operating crude oil jetty and ancillary facilities	Registered capital US$93,758,200	**100%**	100%	**–**	–
PT. West Point	Jakarta, Indonesia/ Limited liability company	Batam, Indonesia	Provision of oil supporting services	100,000,000 shares of US$1 each	**95%**	95%	**5%**	5%

Notes:

(a) Huade Petrochemical holds a business licence with a term of 35 years expiring in 2029.

(b) 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.

There was 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.

13 INTERESTS IN ASSOCIATES

	2024 **HK$'000**	2023 HK$'000
Cost of unlisted investments	**419,030**	419,030
Share of:		
– Post-acquisition results	**1,899,691**	1,740,619
– Other comprehensive income	**(125,647)**	(113,254)
Dividend received	**(1,288,780)**	(1,006,509)
Share of net assets	**904,294**	1,039,886
Loan to an associate	**30,699**	35,374
	934,993	1,075,260

Loan to an associate is unsecured, interest bearing at fixed rate and is wholly repayable within 20 years after the vessels construction project undertaken by the associate is completed. Principal and interest of the loan are repayable quarterly. The effective interest rate for the loan is 6.8% (2023: 6.8%).

The following list contains only the particulars of the Group's associates, all of which are unlisted corporate entities:

					Proportion of ordinary shares and voting powers at 31 December	
	Note	Principal activities	Place of incorporation/ establishment	Particulars of issued and paid up capital/ registered capital	**% held by the Group in 2024**	% held by the Group in 2023
Indirectly held						
Zhan Jiang Port Petrochemical Jetty Co., Ltd. ("**Zhan Jiang Port Petrochemical Terminal**") (湛江港石化碼頭有限責任公司)	(a)	Provision of logistic service	The PRC	Registered capital RMB180,000,000	**50%**	50%
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)		Transportation of liquefied natural gas	Hong Kong	Ordinary shares of US$5,000,000	**30%**	30%

(a) The directors have assessed that even though Sinomart Development owns 50% of the issued capital of this entity, it only has significant influence but not joint control over the entity.

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

13 INTERESTS IN ASSOCIATES (CONTINUED)

Summarised Statement of Financial Position

	Zhan Jiang Port Petrochemical Terminal 2024 HK$'000	2023 HK$'000
Current		
Cash and cash equivalents	**152,761**	362,590
Other current assets	**12,291**	12,341
Total current assets	**165,052**	374,931
Financial liabilities (excluding trade payables)	**(32,965)**	(38,876)
Other current liabilities	**(48,889)**	(49,150)
Total current liabilities	**(81,854)**	(88,026)
Non-current		
Assets	**1,632,263**	1,733,403
Financial liabilities	**(21,015)**	(20,928)
Total non-current net assets	**1,611,248**	1,712,475
Net assets	**1,694,446**	1,999,380

Summarised Income Statement and Statement of Comprehensive Income

	Zhan Jiang Port Petrochemical Terminal 2024 HK$'000	2023 HK$'000
Revenue	**629,130**	714,403
Depreciation and amortisation	**(99,660)**	(96,882)
Interest income	**5,708**	6,062
Interest expense	**(318)**	(355)
Other expenses	**(197,299)**	(236,567)
Profit before income tax	**337,561**	386,661
Income tax expense	**(54,627)**	(52,060)
Profit after tax	**282,934**	334,601
Other comprehensive income	**(33,412)**	(35,697)
Total comprehensive income	**249,522**	298,904

The information above reflects the amounts presented in the financial statements of the associate (i.e. not the Group's attributable share) adjusted for differences in accounting policies between the Group and the associate.

13 INTERESTS IN ASSOCIATES (CONTINUED)

Reconciliation of summarised financial information

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

	Zhan Jiang Port Petrochemical Terminal	
	2024	2023
	HK$'000	HK$'000
Opening net assets	**1,999,380**	1,984,702
Profit for the year	**282,934**	334,601
Other comprehensive income	**(33,412)**	(35,697)
Dividend declared	**(554,456)**	(284,226)
Closing net assets	**1,694,446**	1,999,380
Interest in an associate (%)	**50%**	50%
Group's share of net assets in an associate	**847,223**	999,690
Goodwill	**123**	123
Carrying value	**847,346**	999,813

The Group has interest in another immaterial associate. The following table analyses the share of profit and other comprehensive income and carrying amount of this associate.

	2024	2023
	HK$'000	HK$'000
Share of profit	**17,605**	12,045
Share of other comprehensive income	**4,313**	446
Share of total comprehensive income	**21,918**	12,491
Carrying amount of interest in the associate	**56,948**	40,073

13 INTERESTS IN ASSOCIATES (CONTINUED)

Commitments and contingent liabilities in respect of an associate

The Group has the following commitments relating to its associates as at 31 December 2024 and 2023:

	2024 HK$'000	2023 HK$'000
Share of an associate' commitments		
– Contracted for acquisition of property, plant and equipment	**9,560**	769

14 INTERESTS IN JOINT VENTURES

	2024 HK$'000	2023 HK$'000
Cost of unlisted investments (Note)	**5,112,585**	5,012,484
Less: impairment allowance on interest in a joint venture	**(156,551)**	(156,551)
Share of:		
– Post-acquisition results	**8,443,695**	7,747,735
– Other comprehensive income	**(749,402)**	(644,263)
Dividend received	**(6,704,078)**	(6,182,744)
Share of net assets	**5,946,249**	5,776,661
Loans to joint ventures	**906,432**	935,712
	6,852,681	6,712,373

Note: During the year ended 31 December 2023, the Group agreed to inject additional capital in proportion to its shareholding to a joint venture in the vessel chartering and logistics service segment amounting to US$95,305,000. The proceeds are intended to be used for the design, construction, purchase and operation of three LNG vessels. For details, please refer to the Company's announcement dated 22 August 2023.

During the year ended 31 December 2024, the Group has completed injection amounting to US$12,862,000 (equivalent to approximately HK$100,101,000), which was settled by offsetting against cash dividend declared by the joint venture.

14 INTERESTS IN JOINT VENTURES (CONTINUED)

Loans to joint ventures are unsecured, interest bearing at fixed rate and are wholly repayable within 20 years after the vessels construction project in the joint ventures is completed. The effective interest rate for the loans is 5.6% (2023: 5.6%).

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 2024**	% held by the Group in 2023
Ningbo Shihua Crude Oil Terminal Co., Ltd. (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 Co., Ltd. ("**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 Co., Ltd. (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%
Rizhao Shihua Crude Oil Terminal Co., Ltd. ("**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 Co., Ltd. ("**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 Co., Ltd. (中國能源運輸投資有限公司) ("**China Energy**")	(b)	Vessel chartering services	Hong Kong	Ordinary shares of US$173,137,000	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	(d)	Transit, transhipment and storage of petrochemical products, oil shale derived products, and other cargo and provision of associated services	Netherlands	18,002 shares of EUR1 each have been issued and fully paid	Equity	**50%**	50%

14 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 the Group does 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 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 the Group's Australia Pacific LNG Project 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 had conducted a fair value assessment of identifiable assets of the investment and goodwill, totalled HK$55,844,000 was recognised in the interests in joint ventures in year 2013.

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.

To support the project financing of FOT, the Group pledged its 50% equity interest for the bank loans of FOT as at 31 December 2024 and 2023.

(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 a consideration of Euro 128,600,000, equivalent to approximately HK$1,377,682,000. The acquisition was completed in April 2013. The directors of the Company had conducted a fair value assessment of identifiable net assets of the investment and goodwill of HK$493,400,000 was recognised in the interests in joint ventures in year 2013.

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.

14 INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information

Set out below are the summarised financial information for China Energy, Qingdao Shihua and Rizhao Shihua which are considered material to the Group's consolidated financial statements.

Summarised Statement of Financial Position

	China Energy		Qingdao Shihua		Rizhao Shihua	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Current						
Cash and cash equivalents	**552,034**	573,507	**630,985**	701,670	**234,461**	239,589
Other current assets	**776,386**	203,390	**554,223**	982,702	**93,693**	95,742
Total current assets	**1,328,420**	776,897	**1,185,208**	1,684,372	**328,154**	335,331
Financial liabilities (excluding trade payables)	**(488,240)**	(476,584)	**(142,442)**	(844,358)	**(5,572)**	(5,693)
Other current liabilities	**(741,212)**	(330,102)	**(239,480)**	(478,894)	**(50,912)**	(37,345)
Total current liabilities	**(1,229,452)**	(806,686)	**(381,922)**	(1,323,252)	**(56,484)**	(43,038)
Non-current						
Assets	**9,679,462**	9,970,568	**2,352,032**	2,507,890	**2,403,559**	2,456,803
Financial liabilities	**(7,856,476)**	(8,334,158)	**(25,798)**	(23,758)	**(1,381)**	–
Total non-current net assets	**1,822,986**	1,636,410	**2,326,234**	2,484,132	**2,402,178**	2,456,803
Non-controlling interest	**(95,728)**	(45,938)	**–**	–	**–**	–
Net assets	**1,826,226**	1,560,683	**3,129,520**	2,845,252	**2,673,848**	2,749,096

14 INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised Income Statement and Statement of Comprehensive Income

	China Energy		Qingdao Shihua		Rizhao Shihua	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue	**1,465,198**	1,484,298	**1,064,494**	1,546,577	**568,408**	592,450
Depreciation and amortisation	**(353,368)**	(354,924)	**(152,007)**	(151,759)	**(73,059)**	(69,843)
Interest income	**5,731**	7,430	**6,786**	18,064	**4,753**	2,931
Interest expense	**(480,243)**	(499,427)	**–**	–	**–**	–
Other expenses	**(379,609)**	(457,851)	**(446,923)**	(581,901)	**(83,416)**	(95,467)
Profit before income tax	**257,709**	179,526	**472,350**	830,981	**416,686**	430,071
Income tax expense	**(100)**	(340)	**(120,364)**	(219,205)	**(103,838)**	(91,380)
Profit after tax	**257,609**	179,186	**351,986**	611,776	**312,848**	338,691
Other comprehensive income	**71,599**	(22,191)	**(67,718)**	(55,920)	**(57,354)**	(45,693)
Total comprehensive income	**329,208**	156,995	**284,268**	555,856	**255,494**	292,998
Attributable to parent company:						
Profit for the year	**208,029**	136,678	**351,986**	611,776	**312,848**	338,691
Total comprehensive income for the year	**265,543**	119,809	**284,268**	555,856	**255,494**	292,998

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 (i.e. not the Group's attributable share).

Reconciliation of summarised financial information

	China Energy		Qingdao Shihua		Rizhao Shihua	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Opening net assets	**1,560,683**	558,033	**2,845,252**	3,707,506	**2,749,096**	2,782,958
Profit for the year	**208,029**	136,678	**351,986**	611,776	**312,848**	338,691
Other comprehensive income	**57,514**	(16,869)	**(67,718)**	(55,920)	**(57,354)**	(45,693)
Dividend declared	**(204,288)**	(226,794)	**–**	(1,418,110)	**(330,742)**	(326,860)
Capital injection	**204,288**	1,109,635	**–**	–	**–**	–
Closing net assets	**1,826,226**	1,560,683	**3,129,520**	2,845,252	**2,673,848**	2,749,096
Interest in joint ventures (%)	**49%**	49%	**50%**	50%	**50%**	50%
Group's share of net assets in joint ventures	**894,851**	764,735	**1,564,760**	1,422,626	**1,336,924**	1,374,548
Goodwill	**–**	–	**7,609**	7,609	**4,237**	4,237
Carrying value	**894,851**	764,735	**1,572,369**	1,430,235	**1,341,161**	1,378,785

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

14 INTERESTS IN JOINT VENTURES (CONTINUED)

Reconciliation of summarised financial information (Continued)

	2024 HK$'000	2023 HK$'000
Share of profit	**261,609**	256,141
Share of other comprehensive income	**(70,785)**	6,781
Share of total comprehensive income	**190,824**	262,922
Carrying amount of interests in these joint ventures	**2,137,868**	2,202,906

Commitments and contingent liabilities in respect of joint ventures

The Group has the following commitments relating to its joint ventures as at 31 December 2024 and 2023:

	2024 HK$'000	2023 HK$'000
Share of joint ventures' commitments		
– Contracted for acquisition of property, plant and equipment	**14,729**	35,582
Capital commitments to a joint venture	**100,292**	201,488

There were no contingent liabilities relating to the Group's interests in the joint ventures as at 31 December 2024.

15 INCOME TAX EXPENSES

	Note	2024 HK$'000	2023 HK$'000
Current income tax:			
– Hong Kong profits tax	(b)	**2,502**	3,831
– PRC corporate income tax	(c)	**164,178**	77,985
		166,680	81,816
Deferred income tax charged	(d), 29	**(57,088)**	20,494
		109,592	102,310

(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% (2023: 16.5%) on the estimated assessable profit for the year.

(c) Except for withholding tax on dividend as explained in Note (d), the provision for PRC corporate income tax is based on statutory income tax rate of 25% of the assessable income of a subsidiary of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC (2023: 25%).

(d) Dividend distribution out of profit of foreign-invested enterprises earned in the PRC subsequent to 1 January 2008 is subject to withholding tax at tax rate of 5% or 10%. During the year, withholding tax was provided for portion of the relevant undistributed profits of the Group's subsidiaries, joint ventures and associates established in the PRC at tax rate of 5% (2023: 5%).

15 INCOME TAX EXPENSES (CONTINUED)

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

	2024 HK$'000	2023 HK$'000
Profit before income tax	**1,286,992**	1,400,796
Less: Share of results of joint ventures	**(695,960)**	(798,346)
Share of results of associates	**(159,072)**	(179,346)
	431,960	423,104
Tax calculated at domestic tax rates applicable to profits in the respective tax jurisdictions	**94,149**	88,054
Income not subject to tax	**(38,105)**	(34,570)
Expenses not deductible for tax purposes	**16,085**	5,129
Withholding tax on undistributed profits	**39,218**	44,748
Under-provision in prior years	**175**	78
Tax effect of unused tax losses not recognised	**(1,886)**	(1,129)
Other	**(44)**	–
Income tax expenses	**109,592**	102,310

16 EARNINGS PER SHARE

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

	2024	2023
Earnings (in HK$'000)		
Profit attributable to equity holders of the Company:	**1,177,396**	1,298,612
Number of shares		
Weighted average number of ordinary shares in issue (in thousand)	**2,486,160**	2,486,160
Basic earnings per share (HK cents per share)	**47.36**	52.23

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.

17 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Right-of-use assets		
Properties	**35,982**	43,635
Prepaid land lease payments	**26,445**	30,892
	62,427	74,527

	As at 31 December 2024 HK$'000	As at 31 December 2023 HK$'000
Lease liabilities		
Current	**7,574**	7,220
Non-current	**29,555**	36,869
	37,129	44,089

(ii) Amounts recognised in the consolidated statement of comprehensive income

	Notes	**2024 HK$'000**	2023 HK$'000
Depreciation of right-of-use assets by class of underlying assets			
Properties		**10,530**	10,794
Prepaid land lease payments		**3,378**	3,378
	8	**13,908**	14,172
Finance costs	11	**1,700**	1,082

The total cash outflow for leases in 2024 was HK$9,871,000 (2023: HK$11,815,000).

18 PROPERTY, PLANT AND EQUIPMENT

	Buildings held for own use and leasehold improvements HK$'000	Jetty structures HK$'000	Jetty facilities HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicle and vessels HK$'000	Construction in progress HK$'000	Total HK$'000
Year ended 31 December 2023								
Opening net book amount	16,879	498,524	865,778	7,307	34,897	6,407	23,503	1,453,295
Currency translation differences	(285)	(6,503)	(11,986)	(772)	(129)	(68)	(2,010)	(21,753)
Additions	–	–	–	–	–	1,016	97,035	98,051
Disposals	(243)	–	–	(2)	(110)	(119)	–	(474)
Transfers (Note)	–	(46,173)	(8,614)	59,974	26,898	477	(32,562)	–
Depreciation charge	(1,441)	(42,479)	(58,745)	(25,216)	(3,924)	(631)	–	(132,436)
Closing net book amount	14,910	403,369	786,433	41,291	57,632	7,082	85,966	1,396,683
At 31 December 2023								
Cost	53,094	1,668,765	1,850,419	247,114	217,939	109,917	85,966	4,233,214
Accumulated depreciation	(38,184)	(1,265,396)	(1,063,986)	(205,823)	(160,307)	(102,835)	–	(2,836,531)
Net book amount	14,910	403,369	786,433	41,291	57,632	7,082	85,966	1,396,683

	Buildings held for own use and leasehold improvements HK$'000	Jetty structures HK$'000	Jetty facilities HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicle and vessels HK$'000	Construction in progress HK$'000	Total HK$'000
Year ended 31 December 2024								
Opening net book amount	14,910	403,369	786,433	41,291	57,632	7,082	85,966	1,396,683
Currency translation differences	(378)	(8,653)	(16,278)	(1,141)	(424)	(94)	(2,032)	(29,000)
Additions	–	–	–	–	–	766	86,588	87,354
Disposals	(237)	–	(359)	(9,018)	(121)	(47)	–	(9,782)
Transfers	–	58,264	2,516	8,141	1,687	471	(71,079)	–
Depreciation charge	(1,436)	(55,493)	(49,786)	(26,504)	(3,982)	(768)	–	(137,969)
Closing net book amount	12,859	397,487	722,526	12,769	54,792	7,410	99,443	1,307,286
At 31 December 2024								
Cost	51,647	1,690,591	1,812,059	233,030	212,854	106,845	99,443	4,206,469
Accumulated depreciation	(38,788)	(1,293,104)	(1,089,533)	(220,261)	(158,062)	(99,435)	–	(2,899,183)
Net book amount	12,859	397,487	722,526	12,769	54,792	7,410	99,443	1,307,286

Note: During the year ended 31 December 2023, the Group has reclassified certain items within Jetty structures and Jetty facilities to Plant and machinery and Furniture, fixtures and equipment to better reflect the similarity of nature and use in operations. Such reclassification does not result in change in residual value. However, the estimated useful life of certain items has been changed to reflect the actual usage conditions of these assets more accurately. In particular, the estimate useful lives of the affected items range from 12 to 30 years before the change and the range has become 5 to 30 years after the change. The change in estimated useful life is considered as a change in accounting estimates and is accounted for prospectively without retrospective adjustment. Therefore, such change does not have any impact on the historical financial position or operating results of the Group. Following such change, the depreciation expense decreased by approximately HK$6,339,000 for the year ended 31 December 2023, which has also affected the Group's profit for the same period.

18 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Jetty facilities leased out under operating leases

	HK$'000
Year ended 31 December 2023	
Opening net book amount	186,353
Currency translation differences	(2,643)
Transfer from construction in progress	12,392
Depreciation charge	(21,637)
Closing net book amount	174,465
At 31 December 2023	
Cost	634,838
Accumulated depreciation	(460,373)
Net book amount	174,465
Year ended 31 December 2024	
Opening net book amount	174,465
Currency translation differences	(3,420)
Transfer from construction in progress	2,135
Disposals	(8,310)
Depreciation charge	(21,861)
Closing net book amount	143,009
At 31 December 2024	
Cost	625,244
Accumulated depreciation	(482,235)
Net book amount	143,009

The Group leases out certain jetty facilities under operating leases. The leases typically run for an initial period of two to three years, with an option to renew the lease after that date at which time all terms are renegotiated. The undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods are RMB46,868,000 in the next year (2023: RMB11,717,000 in the next year).

19 INVESTMENT PROPERTIES

	2024 **HK$'000**	2023 HK$'000
At 1 January	**16,100**	17,337
Depreciation charge for the year	**(1,238)**	(1,237)
At 31 December	**14,862**	16,100

As at 31 December 2024, the Group had no contractual obligations for future repairs and maintenance (2023: Nil).

19 INVESTMENT PROPERTIES (CONTINUED)

All investment properties of the Group are carried at their costs less accumulated depreciation and any accumulated impairment losses as at 31 December 2024. 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 2024 is estimated to be approximately HK$73,700,000 (2023: HK$81,200,000). 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 2024 and 2023. The following table analyses the investment properties measured at fair value, by valuation method.

Fair value hierarchy

	Fair value measurements As at 31 December 2024 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**
Description			
Fair value measurements			
Investment properties:			
– Residential (HK and Macau)	**–**	**–**	**42,300**
– Commercial (HK)	**–**	**–**	**31,400**
	–	**–**	**73,700**

	Fair value measurements As at 31 December 2023 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
Description			
Fair value measurements			
Investment properties:			
– Residential (HK and Macau)	–	–	46,100
– Commercial (HK)	–	–	35,100
	–	–	81,200

19 INVESTMENT PROPERTIES (CONTINUED)

Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range
Investment properties:			
– Residential (HK and Macau) and commercial (HK)	Market comparison approach	Premium on quality and location of the buildings	0.2% to 10% (2023: 0.2% to 10%)

The fair value of the residential properties is determined using market comparison approach by reference to recent sales price of comparable properties in close proximity on a price per square foot basis, adjusted for factors specific to the quality and location of the Group's properties. Higher premium for higher quality buildings will result in a higher fair value measurement.

There were no changes in valuation techniques during the year.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2024 HK$'000	2023 HK$'000
Investment properties		
– Residential (HK and Macau) and commercial (HK)		
At 1 January	**81,200**	93,900
Fair value adjustment	**(7,500)**	(12,700)
At 31 December	**73,700**	81,200

The Group leases out investment properties under operating leases. Leases typically run for one to two years. None of the leases includes contingent rentals. As at 31 December 2024, the total future minimum lease payments under non-cancellable operating leases are HK$343,000 and are receivable within one year (2023: HK$326,000 receivable within one year).

(a) Amounts recognised in income statement for investment properties

	2024 HK$'000	2023 HK$'000
Rental income	**2,585**	2,399
Direct operating expenses from property that generated rental income	**(297)**	(1,894)
	2,288	505

20 TRADE AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables		
– Related parties	**49,043**	88,326
– Others	**18,100**	5,550
	67,143	93,876
Other receivables		
– Dividend receivable from a joint venture	**–**	709,055
– Interest receivables	**85,276**	111,262
– Others	**27,296**	7,925
	112,572	828,242
	179,715	922,118

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

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

	2024 HK$'000	2023 HK$'000
Within 1 month	**67,143**	52,356
1 to 2 months	**–**	15,199
2 to 3 months	**–**	26,321
	67,143	93,876

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

	2024 HK$'000	2023 HK$'000
HK$	**87,705**	114,461
RMB	**91,332**	807,635
US$	**678**	22
	179,715	922,118

Further details on the Group's credit policy and credit risk arising from trade and other receivables are set out in Note 3.1(c).

21 INVENTORIES

	2024 HK$'000	2023 HK$'000
Spare parts	**2,887**	3,475
	2,887	3,475

22 CASH AND CASH EQUIVALENTS

	2024 HK$'000	2023 HK$'000
Cash at bank and on hand	**170,790**	681,634
Deposits at bank	**24,000**	417,700
Deposits at related financial institutions	**392,783**	738,018
Cash and cash equivalents	**587,573**	1,837,352

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

As at 31 December 2024, cash and cash equivalents situated in the PRC amounted to RMB356,726,000 (2023: RMB856,912,000). Remittance of funds out of the PRC is subject to relevant rules and regulations of foreign exchange control.

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
RMB	**386,315**	946,362
HK$	**121,185**	462,806
US$	**79,708**	426,409
Euro	**28**	30
Others	**337**	1,745
	587,573	1,837,352

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

23 TIME DEPOSITS WITH ORIGINAL MATURITY OF MORE THAN THREE MONTHS

The time deposits held by the Group is with original maturity of more than three months and less than one year.

The carrying amount of time deposits are denominated in the following currencies:

	2024	2023
	HK$'000	HK$'000
HK$	**4,151,000**	3,072,000
US$	**2,204,558**	915,998
	6,355,558	3,987,998

While the time deposits are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

24 SHARE CAPITAL

	2024		2023	
	Number of Shares '000	**Amounts HK$'000**	Number of Shares '000	Amounts HK$'000
Authorised:				
Ordinary shares of HK$0.1 each	**10,000,000**	**1,000,000**	10,000,000	1,000,000
Issued and fully paid:				
At 1 January and 31 December	**2,486,160**	**248,616**	2,486,160	248,616

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

25 RESERVES

(a) The merger reserve of the Group represents (i) 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 and (ii) the difference between the consideration paid by the Group and the existing book value of the net assets of Yu Ji Pipeline Company at the time of common control combination occurred in 2015.

The merger reserve resulted from the common control combination of Yu Ji Pipeline Company was transferred to retained earnings in 2020, together with the balance of Yu Ji Pipeline Company's general reserve and specific reserve due to the disposal of the 100% equity interest in Yu Ji Pipeline Company.

25 RESERVES (CONTINUED)

(b) The general reserves of the Group represent the general reserve and enterprise development fund reserve applicable to subsidiaries which were established in accordance with the relevant PRC regulations. Neither the reserve nor the fund is available for distribution.

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 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 general reserve can be utilised to offset prior year's losses or converted into paid-up capital.

In accordance with the articles of association of the PRC subsidiary, the board of directors can determine the percentage of appropriation each year to transfer a portion of its net profit to the enterprise development fund, which can be used for future development for 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 amounted to a debit balance of HK$141,279,000.

(c) According to relevant PRC regulations, the Group is required to transfer an amount to specific reserve for the safety production fund based on the annual turnover of crude oil jetty services in the PRC.

26 DIVIDENDS

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

	2024 **HK$'000**	2023 HK$'000
Interim dividend declared and paid of HK$10 cents per ordinary share (2023: HK$10 cents per ordinary share)	**248,616**	248,616
Final dividend proposed after the end of the reporting period of HK$15 cents per ordinary share (2023: HK$15 cents per ordinary share)	**372,924**	372,924
	621,540	621,540

A final dividend in respect of the year ended 31 December 2024 of HK$15 cents per share, amounting to a total dividend of HK$372,924,000 is to be proposed at the annual general meeting on 26 June 2025. The final dividend to be proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

26 DIVIDENDS (CONTINUED)

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

	2024 HK$'000	2023 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$15 cents per ordinary share (2023: HK$12 cents per share)	**372,924**	298,339

27 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	Note	2024 HK$'000	2023 HK$'000
Profit before income tax:		**1,286,992**	1,400,796
Adjustments for:			
Depreciation			
– Property, plant and equipment	18	**137,969**	132,436
– Investment properties	19	**1,238**	1,237
– Right-of-use assets	17	**13,908**	14,172
Amortisation of intangible assets		**372**	151
Amortisation of deferred government grant	7	**(3,218)**	(3,262)
Finance costs		**(1,700)**	(1,082)
Interest income		**(313,340)**	(292,876)
Net losses on disposal of property, plant and equipment	7	**7,456**	474
Share of results of joint ventures	14	**(695,960)**	(798,346)
Share of results of associates	13	**(159,072)**	(179,346)
Changes in working capital:			
Decrease in inventories		**521**	586
Decrease in trade and other receivables		**5,253**	447,032
Increase in trade and other payables		**371**	20,135
Cash generated from operations		**280,790**	742,107

27 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

	Dividend payable HK$'000	Lease liabilities HK$'000	Total HK$'000
Balance at 1 January 2023	25	35,020	35,045
Changes from financing cash flows:			
Repayment of lease liabilities	–	(10,086)	(10,086)
Dividend paid	(546,955)	–	(546,955)
Total changes from financing cash flows	(546,955)	(10,086)	(557,041)
Other changes			
Increase in lease liabilities from entering into new leases during the year	–	21,136	21,136
Net exchange and translation difference	–	(899)	(899)
Finance cost charged to profit or loss	–	(1,082)	(1,082)
Dividend declared	546,955	–	546,955
Balance at 31 December 2023	25	44,089	44,114

	Dividend payable HK$'000	**Lease liabilities HK$'000**	**Total HK$'000**
Balance at 1 January 2024	**25**	**44,089**	**44,114**
Changes from financing cash flows:			
Repayment of lease liabilities	**–**	**(8,041)**	**(8,041)**
Dividend paid	**(621,540)**	**–**	**(621,540)**
Total changes from financing cash flows	**(621,540)**	**(8,041)**	**(629,581)**
Other changes			
Increase in lease liabilities from entering into new leases during the year	**–**	**3,981**	**3,981**
Net exchange and translation difference	**–**	**(1,200)**	**(1,200)**
Finance cost charged to profit or loss	**–**	**(1,700)**	**(1,700)**
Dividend declared	**621,540**	**–**	**621,540**
Balance at 31 December 2024	**25**	**37,129**	**37,154**

28 TRADE AND OTHER PAYABLES

	2024 HK$'000	2023 HK$'000
Trade payables		
– Related parties	–	573
– Others	12,271	44,843
	12,271	45,416
Other payables		
– Amounts due to immediate, intermediate holding companies and other related parties	–	2,968
– Accrued charges	133,633	133,058
	133,633	136,026
	145,904	181,442

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

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

	2024 HK$'000	2023 HK$'000
Within 1 month	7,976	18,001
1 to 3 months	3,736	197
3 to 12 months	440	514
Over 12 months	119	26,704
	12,271	45,416

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

	2024 HK$'000	2023 HK$'000
HK$	40,843	35,900
RMB	62,241	101,591
US$	10,002	10,071
Others	32,818	33,880
	145,904	181,442

29 DEFERRED INCOME TAX LIABILITIES

The gross movements on the deferred income tax account are 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 associate in the PRC HK$'000	Accelerated tax depreciation HK$'000	Right-of-use assets HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 January 2023	30,910	69,744	30,574	46,828	7,238	(7,405)	177,889
Charged/(credited) to income statement (Note 15)	7,754	14,410	1,152	(2,717)	113	(218)	20,494
Exchange differences	(439)	(1,495)	(556)	(650)	(102)	107	(3,135)
At 31 December 2023	38,225	82,659	31,170	43,461	7,249	(7,516)	195,248
At 1 January 2024	**38,225**	**82,659**	**31,170**	**43,461**	**7,249**	**(7,516)**	**195,248**
(Credited)/charged to income statement (Note 15)	**(27,995)**	**(27,804)**	**(6,301)**	**5,119**	**(548)**	**441**	**(57,088)**
Exchange differences	**(268)**	**(582)**	**(220)**	**(171)**	**(24)**	**25**	**(1,240)**
At 31 December 2024	**9,962**	**54,273**	**24,649**	**48,409**	**6,677**	**(7,050)**	**136,920**

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 a subsidiary of HK$513,800,000 (2023: HK$527,932,000), 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.

30 COMMITMENTS

As at 31 December 2024, the outstanding capital commitments not provided for in the financial statements were as follows:

	2024 HK$'000	2023 HK$'000
Contracted for but not provided for	**8,301**	45,308

31 MATERIAL RELATED PARTY TRANSACTIONS

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

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

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

	2024 HK$'000	2023 HK$'000
Sinomart Development		
Interest income from a fellow subsidiary	**43,172**	41,511
Professional fee expense to a fellow subsidiary	**–**	232
KII		
Interest income from a fellow subsidiary	**1,162**	793
Huade Petrochemical		
Jetty service fees from an intermediate holding company (Note (i)(a))	**536,052**	495,653
Jetty service fees from a fellow subsidiary (Note (i)(a))	**4,329**	3,268
Fuel oil jetty service fees from a fellow subsidiary (Note (i)(b))	**52,591**	49,445
Insurance premium paid to a fellow subsidiary (Note (i)(c))	**(4,416)**	(5,343)
Interest income from a fellow subsidiary	**1,371**	1,205
Oil products purchased from a related party (Note (i)(d))	**(3,659)**	(4,148)
Construction fee to a related party	**(22,075)**	(5,389)
Joint ventures and an associate		
Interest income from:		
– Joint ventures (Note 7)	**51,449**	53,130
– An associate (Note 7)	**2,239**	2,484
Management fees income from a joint venture (Note 7)	**4,438**	4,207

The related party transactions in respect of jetty service fees from an intermediate holding company, fuel oil jetty service fees from a fellow subsidiary, oil products purchased from a related party and interest income from fellow subsidiaries constitute continuing connected transaction as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section headed "Connected Transactions" of this annual report.

Other than the above mentioned related party transactions, the related party transactions disclosed in the above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. However, those transactions are exempt from the disclosure requirement in Chapter 14A of the Listing Rules as they are either below the de minimis threshold under Rule 14A.76(a) or covered by a waiver obtained from The Stock Exchange of Hong Kong Limited on 25 June 1999, more details of which are set out in the section headed "Connected Transactions" of this annual report.

31 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

The balances with related parties are disclosed in Notes 20, 22 and 28 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.

Notes:

(i) Huade Petrochemical

(a) The jetty service fees were charged in accordance with the relevant service agreements and at rates based on the state-prescribed price regulated and standardised by the Ministry of Transport and government-approved prices approved by the Guangdong Provincial Price Supervision and Inspection and Anti-Trust Bureau in the PRC.

(b) The fuel oil jetty service fees were charged in accordance with the Sinopec Fuel Oil Sales Company Limited Framework Master Agreement, with reference to, among other factors, law and regulations, market conditions, normal commercial terms, trade customs and the principle of fairness.

(c) The insurance premium was calculated at rates that are set and revised by the ultimate holding company from time to time under the framework of the relevant provisions of a document jointly issued by the ultimate holding company and the Ministry of Finance in the PRC in 1998.

(d) The transaction price for purchasing oil products was determined in accordance with the state-prescribed prices of diesel published by the National Development and Reform Commission.

(b) Transactions with key management personnel

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

	2024 HK$'000	2023 HK$'000
Compensations to key management personnel		
Directors' fees	**1,520**	1,520
Salaries, allowances and benefits-in-kind	**7,042**	7,253
Bonuses	**7,281**	3,972
Total	**15,843**	12,745

31 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

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

32 BENEFITS ON INTERESTS OF DIRECTORS

(a) Directors' and chief executives emoluments

The remuneration of the directors for the years ended 31 December 2024 and 2023 are set out below:

2024

	Fees HK$'000	Salaries HK$'000	Discretionary Bonus HK$'000	Allowances and benefits in kind HK$'000	Employer's contribution to retirement benefit scheme HK$'000	Total HK$'000
Executive directors						
Zhong Fuliang (Chairman)	–	–	–	–	–	–
Chen Yaohuan (Note (i))	–	–	–	–	–	–
Yang Yanfei	–	–	–	–	–	–
Ren Jiajun	–	–	–	–	–	–
Zou Wenzhi	–	–	–	–	–	–
Mo Zhenglin	–	–	–	–	–	–
Sang Jinghua (General Manager)	–	994	1,272	1,437	–	3,703
Independent non-executive directors						
Tam Wai Chu, Maria	380	–	–	–	–	380
Fong Chung, Mark	380	–	–	–	–	380
Wong Yau Kar, David	380	–	–	–	–	380
Wong Pui Sze, Priscilla	380	–	–	–	–	380
	1,520	994	1,272	1,437	–	5,223

32 BENEFITS ON INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executives emoluments (Continued)

2023

	Fees HK$'000	Salaries HK$'000	Discretionary Bonus HK$'000	Allowances and benefits in kind HK$'000	Employer's contribution to retirement benefit scheme HK$'000	Total HK$'000
Executive directors						
Chen Yaohuan (Chairman)	–	–	–	–	–	–
Yang Yanfei	–	–	–	–	–	–
Zhong Fuliang	–	–	–	–	–	–
Ren Jiajun	–	–	–	–	–	–
Zou Wenzhi	–	–	–	–	–	–
Mo Zhenglin	–	–	–	–	–	–
Sang Jinghua (General Manager)	–	925	1,409	1,545	–	3,879
Independent non-executive directors						
Tam Wai Chu, Maria	380	–	–	–	–	380
Fong Chung, Mark	380	–	–	–	–	380
Wong Yau Kar, David	380	–	–	–	–	380
Wong Pui Sze, Priscilla	380	–	–	–	–	380
	1,520	925	1,409	1,545	–	5,399

Note:

(i) On 19 July 2024, Chen Yaohuan resigned as the chairman of the Company's board of directors (the "**Board**") and an executive director. On the same date, Zhong Fuliang was appointed as the chairman of the Board.

(b) Directors' retirement benefits

No retirement benefits were paid to any director and the chief executive of the Company or its subsidiary undertaking during the year (2023: nil).

(c) Consideration provided to third parties for making available directors' services

During the years ended 31 December 2024 and 2023, no emoluments was paid to any director of the Company and the Group 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.

33 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of Financial Position of the Company

	Note	As at 31 December	
		2024	2023
		HK$'000	HK$'000
Assets			
Non-current assets			
Investments in subsidiaries		**9,434,975**	9,584,139
Current assets			
Cash and cash equivalents		**89**	87
Total current assets		**89**	87
Total assets		**9,435,064**	9,584,226
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		**248,616**	248,616
Reserves	(a)	**9,182,525**	9,331,661
Total equity		**9,431,141**	9,580,277
Liabilities			
Current liabilities			
Trade and other payables		**3,923**	3,949
Total liabilities		**3,923**	3,949
Total equity and liabilities		**9,435,064**	9,584,226
Net current liabilities		**(3,834)**	(3,862)
Total assets less current liabilities		**9,431,141**	9,580,277

The statement of financial position of the Company was approved by the Board of Directors on 17 March 2025 and was signed on its behalf:

Zhong Fuliang
Chairman

Sang Jinghua
Executive Director

33 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(a) Reserve movement of the Company

	Share premium HK$'000	Contributed surplus HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2023	6,300,684	242,397	2,863,325	9,406,406
Interim dividends declared in respect of the current year	–	–	(248,616)	(248,616)
Total comprehensive income for the year	–	–	472,210	472,210
Final dividends declared in respect of the prior year	–	–	(298,339)	(298,339)
At 31 December 2023	6,300,684	242,397	2,788,580	9,331,661
At 1 January 2024	**6,300,684**	**242,397**	**2,788,580**	**9,331,661**
Interim dividends declared in respect of the current year	**–**	**–**	**(248,616)**	**(248,616)**
Total comprehensive income for the year	**–**	**–**	**472,404**	**472,404**
Final dividends declared in respect of the prior year			**(372,924)**	**(372,924)**
At 31 December 2024	**6,300,684**	**242,397**	**2,639,444**	**9,182,525**

Notes:

(a) The application of the share premium account is governed by section 40 of Bermuda Companies Act 1981.

(b) 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.

(c) At 31 December 2024, the aggregate amount of reserves available for distribution to equity shareholders of the Company, including the contributed surplus and retained earnings, was HK$2,881,841,000 (2023: HK$3,030,977,000). After the end of the reporting period, the directors proposed a final dividend of HK$15 cents (2023: HK$15 cents) per ordinary share, amounting to HK$372,924,000 (2023: HK$372,924,000). The dividend has not been recognised as a liability at the end of the reporting period.

FIVE YEAR FINANCIAL SUMMARY

	2020 HK$'000	2021 HK$'000	2022 HK$'000 (restated) (Note a)	2023 HK$'000	**2024** **HK$'000**
Results					
Continuing operations					
Revenue	601,239	636,517	616,064	609,872	**667,091**
Operating profit/(loss)	325,902	52,643	(179,194)	186,924	**174,008**
Finance income	9,990	21,952	77,702	237,262	**259,652**
Finance costs	(5,342)	(1,147)	(852)	(1,082)	**(1,700)**
Share of results of associates	169,936	181,934	171,675	179,346	**159,072**
Share of results of joint ventures	886,738	901,561	540,403	798,346	**695,960**
Profit before income tax	1,387,224	1,156,943	609,734	1,400,796	**1,286,992**
Income tax expense	(120,656)	(107,259)	(207,068)	(102,310)	**(109,592)**
Discontinued operation					
Profit for the year from discontinued operation	1,034,802	–	–	–	**–**
Net profit for the year	2,301,370	1,049,684	402,666	1,298,486	**1,177,400**
Assets and liabilities (As at 31 December)					
Fixed assets and intangible assets	2,217,999	2,118,498	1,539,465	1,488,647	**1,385,540**
Interests in associates	1,041,395	1,151,511	1,063,145	1,075,260	**934,993**
Interests in joint ventures	7,558,826	6,753,155	6,672,394	6,712,373	**6,852,681**
Net current assets	4,098,937	5,584,131	5,851,040	6,522,275	**6,957,938**
Deferred income tax liabilities	(164,349)	(177,270)	(177,889)	(195,248)	**(136,920)**
Government grants	(15,774)	(14,909)	(53,714)	(49,707)	**(45,472)**
Non-current lease liabilities	(21,943)	(15,943)	(27,910)	(36,869)	**(29,555)**
Net assets	14,715,091	15,399,173	14,866,531	15,516,731	**15,919,205**
Equity (As at 31 December)					
Share capital	248,616	248,616	248,616	248,616	**248,616**
Reserves	14,431,453	15,116,247	14,615,846	15,266,172	**15,668,642**
Non-controlling interests	35,022	34,310	2,069	1,943	**1,947**
Total equity	14,715,091	15,399,173	14,866,531	15,516,731	**15,919,205**
Basic earnings per share for profit attributable to equity holders of the Company	HK92.59 cents	HK42.25 cents	HK17.49 cents	HK52.23 cents	**HK47.36 cents**

Notes:

(a) The comparative financial information of the Group for the year ended 31 December 2022 has been restated to reflect the impact of the application of the Amendments to Hong Kong Accounting Standard 12, *Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*.

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE MEMBERS

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

REMUNERATION COMMITTEE MEMBERS

Ms. Tam Wai Chu, Maria *(Chairperson)*
Mr. Zhong Fuliang
Mr. Fong Chung, Mark
Dr. Wong Yau Kar, David
Ms. Wong Pui Sze, Priscilla
Mr. Sang Jinghua

NOMINATION COMMITTEE MEMBERS

Dr. Wong Yau Kar, David *(Chairperson)*
Mr. Zhong Fuliang
Ms. Tam Wai Chu, Maria
Mr. Fong Chung, Mark
Ms. Wong Pui Sze, Priscilla
Mr. Sang Jinghua

JOINT COMPANY SECRETARIES

Mr. Wang Xiaoming
Ms. Huang He

AUTHORIZED REPRESENTATIVES

Mr. Sang Jinghua
Mr. Wang Xiaoming

AUDITOR

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Stock Code: 934

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