### **INTERIM DIVIDEND**

The Board has recommended an interim dividend of HK\$1.5 cents per share (2000: HK\$1.5 cents) payable to the shareholders of the Company whose names appear on the Register of Members of the Company on 12 October 2001.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Tuesday, 9 October 2001 to Friday, 12 October 2001 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for entitlement of the interim dividend recommended, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Secretaries Limited, 5/F Wing On Centre, 111 Connaught Road Central, Hong Kong for registration not later than 4:00 p.m. on Monday, 8 October 2001. Dividend will be despatched to shareholders on or about 30 October 2001 in the form of cheques.

### **REVIEW OF RESULTS AND PROSPECTS**

For the six months ended 30 June 2001, the Group recorded satisfactory results, though the turnover amounted to HK\$3,232,000,000, representing a decrease of 33% from HK\$4,836,000,000 recorded in the corresponding period of the previous year. Profit after taxation reached HK\$141,000,000, representing an increase of 10% from HK\$127,000,000 recorded in the same period of the previous year. Profit attributable to shareholders amounted to HK\$111,000,000, representing an increase of 10% from HK\$102,000,000 recorded in the corresponding period of the previous year.

During the first half of 2001, Huizhou Crude Oil Jetty transmitted 3,140,000 tonnes of crude oil, basically at the same level as that in the corresponding period of the previous year. Turnover amounted to HK\$149,000,000, representing an increase of 2% over the same period of the previous year. Profit amounting to approximately HK\$100,000,000, representing an increase of 23% over the corresponding period in the last year, was attributable to a decrease in the cost of the Jetty.

As of 30 June 2001, the number of petrol stations operated by the Group in Guangdong Province increased to 48, representing an increase of 45% over the same period of the previous year. Turnover amounted to HK\$389,000,000, representing an increase of 4% over the same period of the previous year. The loss of HK\$1,960,000 was mainly due to the sluggish market of oil products in Guangdong Province and the flaws of the prevailing pricing system. The management considers that the foregoing is a short-term phenomenon and therefore is cautiously optimistic about the long-term development of petrol stations.

During the first half of this year, the Group's sales of crude oil totalled 1,560,000 tonnes and sales revenue amounted to HK\$2,353,000,000, representing a decrease of 38% and 37% respectively over the same period of the previous year; meanwhile, the Group's sales of petrochemical products amounted to 186,000 tonnes and sales revenue totalled HK\$341,000,000, representing a decrease of 31% and 32% respectively over the same period of the previous year. A decline in the price of crude oil in the international market and a relatively large stock of crude oil and oil products in China are main reasons for the decrease of the Group's turnover.

During the first half of 2001, the Group still achieved relatively good results even in times of continual deterioration of international economic condition, which was attributable to the effort made to significantly lower the operational costs and expenses. With regard to the outlook of the second half of the year, the Group will continue to maintain stable development of different aspects of its businesses, to augment its investment and to concentrate on the construction of oil storage tanks with storage capacity of millions of cubic metres in Huizhou Crude Oil Jetty. The management of the Group is confident that satisfactory results will be obtained in the future.



## INTERESTS OF DIRECTORS AND SENIOR MANAGEMENT IN SHARES

As of 30 June 2001, none of the directors, senior management or their related parties held, beneficially or non-beneficially, any of the shares issued by the Company or any of its associated companies which were required to be recorded in the register of directors' interests in compliance with Section 29 of the Securities (Disclosure of Interests) Ordinance. The Company also has not granted to any directors, senior management or their spouses or children under 18 years of age any right to subscribe for the Company's shares.

## SUBSTANTIAL SHAREHOLDERS

As of 30 June 2001, shareholders holding shares representing 10% or more of the Company's share capital in issue as recorded in the Register of Substantial Shareholders' Interests maintained by the Company and their reported interests pursuant to provisions of Section 16(1) of the Securities (Disclosure of Interests) Ordinance are as follows:

Name

Number of Ordinary Shares (Percentage of total shares in issue)

750,000,000 (72.34%)

Sinopec Kantons International Limited

Note:

The entire issued share capital of Sinopec Kantons International Limited was held by China Petrochemical International Company Limited. The entire registered capital of China Petrochemical International Company Limited was held by China Petrochemical Corporation. The controlling interest in the registered capital of China Petrochemical Corporation was held by China Petrochemical Corporation.

# PURCHASE, SALE AND REDEMPTION OF SHARES

During the period under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities.

## CODE OF BEST PRACTICE

None of the Directors of the Company is aware of any information that would indicate that the Company was not in compliance with the Code of Best Practice set forth in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the reporting period.

## DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

Information that is required by Paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be released on the Stock Exchange of Hong Kong's website in due course.

By Order of the Board Hong Zhi Ming Chairman

Hong Kong, 5 September 2001



Certified Public Accountants 26/F, Wing On Centre 111 Connaught Road Central Hong Kong 香港中環干諾道中111號 永安中心26樓

# Deloitte Touche Tohmatsu

# **INDEPENDENT REVIEW REPORT**

#### TO THE BOARD OF DIRECTORS OF SINOPEC KANTONS HOLDINGS LIMITED

### INTRODUCTION

We have been instructed by the Company to review the interim financial report set out on page 2 to 9.

### DIRECTORS' RESPONSIBILITIES

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice No. 25 ("SSAP 25") "Interim Financial Reporting" issued by the Hong Kong Society of Accountants. However, the Listing Rules permit departure from SSAP 25 in that comparative figures are not required for the first statement of recognised gains and losses or for the cash flow statement included in the first interim financial report relating to accounting periods ended on or after 1 July 2000. The interim financial report is the responsibility of, and has been approved by, the directors.

### **REVIEW WORK PERFORMED**

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" ("SAS 700") issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

### **REVIEW CONCLUSION**

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2001.

Without modifying our review conclusion, we draw to your attention that the comparative condensed income statement for the six months ended 30 June 2001 disclosed in the interim financial report have not been reviewed in accordance with SAS 700.

### **Deloitte Touche Tohmatsu**

Certified Public Accountants

Hong Kong, 5 September 2001

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