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

ANNUAL REPORT 2025

DESIGN CONCEPT

Basing upon the concept of breaking through the waves, the metaphor symbolizes the company's steady forward momentum in an everchanging energy market and its ability to transform challenges into drivers of growth. The linear extension of a vessel for LNG transportation towards oil jetties and tank facilities showcases the fully integrated energy logistics against a global footprint. The blue foil stamping, paired with a shimmering iridescent UV effect that reflects sparkling wave, symbolizes innovation and future. The foldout feature resembles the beginning of a journey, while conveying the company's commitment to expansion and progress.

CONTENTS

Strive to become

A WORLD-CLASS

International Petrochemical
Storage and Logistics Company

COMPANY AT A GLANCE

JETTY, STORAGE AND LOGISTICS IN CHINA

TOTAL DESIGNED ANNUAL THROUGHPUT CAPACITY OF JETTIES

235 mm tonnes

TOTAL NUMBER OF BERTHS

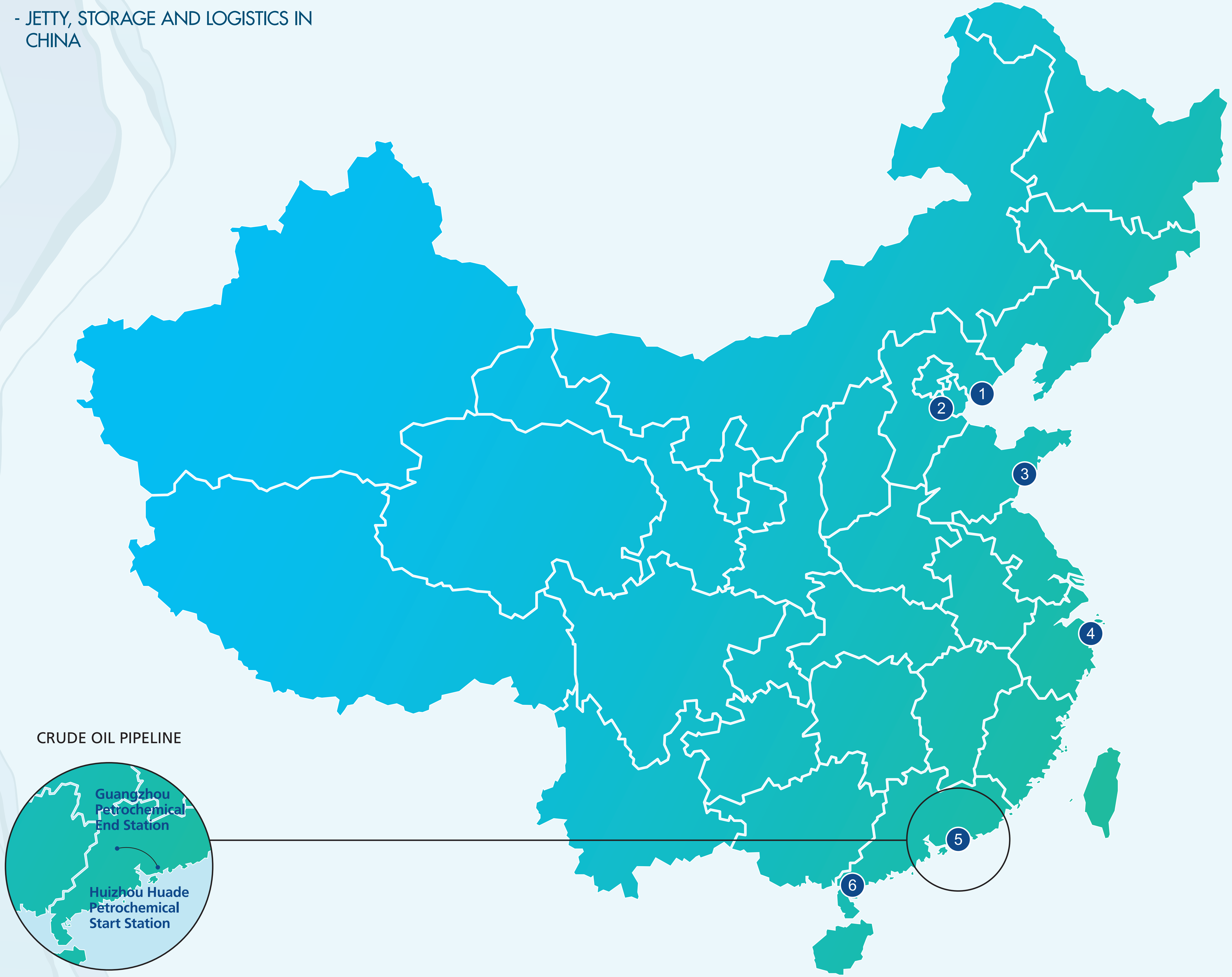
34

TOTAL LENGTH OF CRUDE OIL PIPELINE

174 km

COMPANY AT A GLANCE

- JETTY, STORAGE AND LOGISTICS IN CHINA



CRUDE OIL PIPELINE

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: **12**
Largest tanker capacity: **300,000 tonnes**
Designed throughput capacity: **84mm tonnes p.a.**
Storage capacity: **1.032mm m³**

4. **NINGBO SHIHUA**

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

5. **HUIZHOU HUADE PETROCHEMICAL**

Berth: **4**
Largest tanker capacity: **300,000 tonnes**
Designed throughput capacity: **31.9mm tonnes p.a.**
Storage capacity: **1.34mm m³**
Length of crude oil pipeline: **174 km**

6. **ZHAN JIANG PORT PETROCHEMICAL**

Berth: **13**
Largest tanker capacity: **300,000 tonnes**
Designed throughput capacity: **44mm tonnes p.a.**
Storage capacity: **0.996mm m³**

RIZHAO SHIHUA

Undergoing liquidation process

COMPANY AT A GLANCE

TOTAL CAPACITY OF OVERSEAS STORAGE
2.48
mm m^3

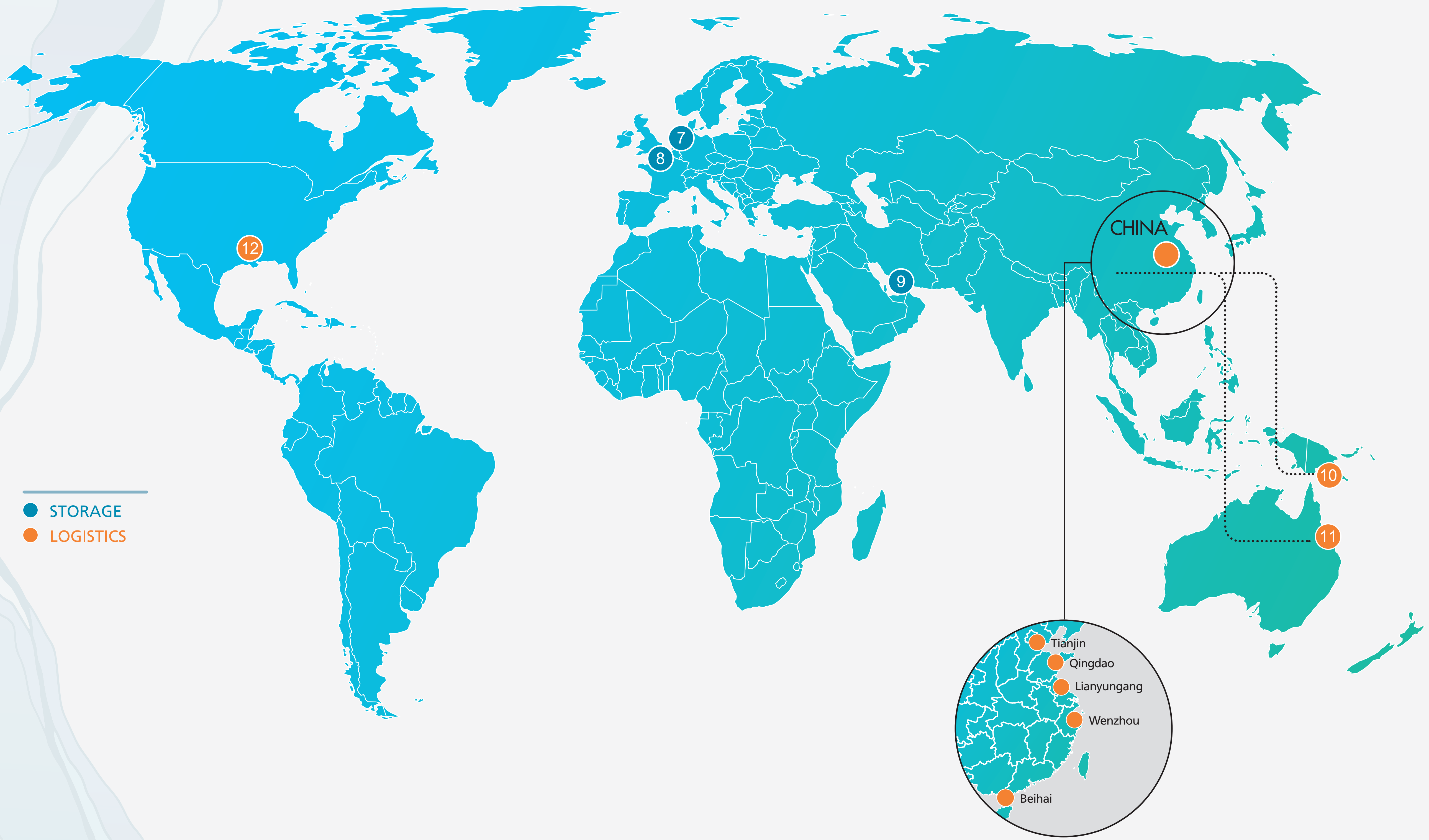
STORAGE FACILITIES COVERAGE
3
countries

NUMBER OF LNG VESSELS (IN OPERATION)
8
vessels

STORAGE AND LOGISTICS OUTSIDE CHINA

COMPANY AT A GLANCE

- STORAGE AND LOGISTICS OUTSIDE CHINA



- STORAGE
- LOGISTICS

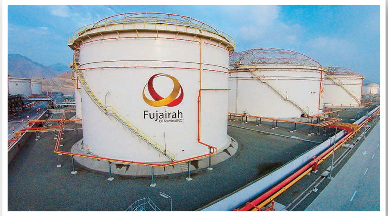
STORAGE

7. VESTA TERMINAL FLUSHING, THE NETHERLANDS, EUROPE

Storage tank: **27**
Storage capacity: **388,500 m^3**

8. VESTA TERMINAL ANTWERP, BELGIUM, EUROPE

Storage tank: **45**
Storage capacity: **934,000 m^3**



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

Storage tank: **34**
Storage capacity: **1.155mm m^3**

BATAM ISLAND, INDONESIA

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

LNG VESSELS

10. PAPUA NEW GUINEA LNG PROJECT

Vessel: **2**
Each vessel capacity: **172,000 m^3**

11. AUSTRALIA PACIFIC LNG PROJECT

Vessel: **6**
Each vessel capacity: **174,000 m^3**

12. US VENTURE GLOBAL LNG PROJECT (UNDER CONSTRUCTION)

Vessel: **3**
Each vessel capacity: **175,000 m^3**

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Sinopec Kantons Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), I would like to report the 2025 annual report to all shareholders and express our sincere gratitude to all shareholders, people from all sectors of society, customers and all employees for their long-term care and support to the Company.

In 2025, the global economic recovery was sluggish, geopolitical rivalries intensified, and energy supply chain restructuring was deepened. In the face of a complex external environment, the Company took the improvement of corporate governance efficiency and risk prevention as the core and counted on cost control as the means to optimize the refined management system and enhance the quality of corporate development. For the year ended 31 December 2025 (the "**Year**" or the "**Reporting Period**"), the Company recorded a revenue of approximately HK$659 million, representing a year-on-year decrease of approximately 1.27%, and recorded a profit of approximately HK$1,028 million, representing a year-on-year decrease of approximately 12.66%, which was translated into a profit attributable to the Company's equity holders of approximately HK41.36 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 2025 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 2025 was recommended, which was consistent with the previous year.

In 2025, the core businesses of the Group remained stable, and the naphtha unloading project at Mabianzhou jetty of Huade Petrochemical Co., Ltd. ("**Huade Petrochemical**") in Huizhou Daya Bay, a wholly-owned subsidiary of the Company, commenced trial operation, laying the foundation for enhancing the corporate efficiency of Huade Petrochemical. In 2025, Vesta Terminals B.V. in Europe ("**Vesta**"), a joint venture company of the Company, actively responded to the long-term development of the jet fuel market and successfully unloaded the first vessel of aviation fuel. Since then, the oil products operated by Vesta have covered petroleum products including naphtha, gasoline, diesel, biodiesel, jet fuel (with simultaneous storage for SAF), and fuel oil, which effectively improved the flexibility of refined oil product storage of Vesta and enhanced the market competitiveness. In 2025, the construction of three LNG vessels of China Energy Shipping Investment Co., Ltd. (中國能源運輸投資有限公司) ("**China Energy**"), a joint venture of the Company, progressed in an orderly manner, laying a solid foundation for scheduled delivery and operation.

In 2025, in the face of a market cycle of interest rate cut and the declining interest rates, the Company strengthened capital coordination and efficient operation under the controllable risks, closely tracked interest rate changes, conducted refined estimates, accelerated the return of dividend funds, optimized the deposit structure, scientifically arranged the deposit term. In 2025, the finance income of the Company was approximately HK$257 million, which was basically year-on-year maintained at the same level. The Company continued to monitor and respond to exchange rate changes, tracked their impact on the Company, and reduced exchange rate risks through strengthening the capital management. In 2025, the Company achieved favourable foreign exchange gains on foreign exchange of dividends received.

In 2025, the Company further consolidated the core role of the general meetings and board meetings of its operating entities in corporate governance, and established a full-process closed-loop management mechanism from resolutions review, scientific decision-making to implementation and execution focusing on key matters such as annual production and operation indicators, financial budgets, and investment plans of each operating entity. The Company strengthened the cost and expense control, urged its operating entities to strictly implement relevant requirements, actively reduced costs and enhanced the efficiency, standardized key expenditure management, and reduced non-productive expenditures. Meanwhile, specific review on business outsourcing of certain operating entities were carried out to optimize the cost structure.

On 12 February 2026, the Board considered and approved the signature of the agreement (the "**Agreement**") entered into by Sinomart KTS Development Limited(經貿冠德發展有限公司) ("**Sinomart Development**") and 曹妃甸港集團股份有限公司 (Caofeidian Port Group Co., Ltd.) in relation to the provision of crude oil terminal operation services exclusively by 唐山曹妃甸實華原油碼頭有限公司 (Tangshan Caofeidian Shihua Crude Oil Terminal Co., Ltd.) ("**Caofeidian Shihua**"). Although the equity structure of Caofeidian Shihua has not changed, through the signature of the Agreement, the Company's decision-making rights for key businesses in Caofeidian Shihua have been further clarified, and Caofeidian Shihua has been incorporated in the scope of the consolidated statements of the Group and has become a subsidiary of the Company.

2026 is the first year of the "15th Five-Year Plan", and in the face of new opportunities and challenges, the Company will focus on deepening the reform and value creation with high-quality development as the main line, and promote the Company's high-quality development to a new level. Looking ahead to 2026, 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 tense supply-demand relationship in the global oil, geopolitical tension risks 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 between countries have added uncertainties to the macro-environment. The Board will continue to adhere to the ideology of high-quality development, make scientific planning, 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, 16 March 2026

DEVELOPMENT POSITIONING

Striving to Become a World-class International Petrochemical Storage and Logistics Company

The Company is a listed company under Sinopec Group focusing on petrochemical logistics infrastructure, and strives to become a world-class international petrochemical storage and logistics company that is professional, market-oriented, integrated and digital-intelligent.

STRATEGY

Consolidation of Core Advantages and Expansion of High-quality Assets

The Group has the largest number of crude oil public terminal companies in the PRC, and will continue to integrate the resources of large-scale domestic public terminals, promote smart ports and green and low-carbon development, and actively seek mergers and acquisitions opportunities for high-quality storage assets, accelerate the cultivation of new quality productivity, and further consolidate and enhance its advantageous position.

Service Upgrade of the Industry and Layout of a Green Future

The Group will actively respond to the upgrade and transformation trend of the energy and chemical industry chain, study the layout of chemical raw material storage, and vigorously expand its green energy business.

At present, the Group has promoted Zhan Jiang Port Petrochemical Jetty Co., Ltd. ("**Zhan Jiang Port Petrochemical**") to complete the construction of the digital petrochemical terminal and realize the functions of a digital application and technology platform that fully covers production, safety, emergency and operations. At the same time, the Group pays attention to the trend of cleaner energy transformation, has successfully expanded its LNG vessel fleet, with three newly-built LNG vessels of the Group being progressing steadily and to be completed and operated from 2027 to 2028, which will be leased to China Petroleum & Chemical Corporation ("**Sinopec Corp.**") for a long-term term purpose to meet its LNG transportation requirements, which is the Group's future profit growth point.

Strengthening Management of Operating Entities and Improvement of Operational Efficiency

The Group focuses on customer demands and pays close attention to the improvement of terminal operation efficiency, and strives to develop business increments and categories by strengthening internal and external collaboration and optimizing operating processes. Leveraging the advantages of shareholders supervision, the Group strengthens refined management of operating entities, and continues to enhance the competitiveness through precise cost control.

1. BUSINESS REVIEW

Business Model

Relying on years of industry experience and professional capabilities, the Group has built an integrated energy infrastructure network "with domestic crude oil jetty and storage as the core, LNG transportation and logistics and overseas storage as the extension", created value for shareholders through stable cash flow and results, and promoted the corporate sustainable development.

Market Review

In 2025, the global development environment faced profound and complex changes. The relations between major countries affected the international situation, frequent geopolitical conflicts, coupled with the accelerated energy transition, and issues such as supply chain reconstruction and demand mismatch became prominent. In the face of insufficient momentum for world economic growth, the diversification of global energy supply, and the accelerated replacement of traditional energy by new energy, oil prices showed a volatile downward trend in 2025.

In 2025, due to the weak end-user consumption demand and extended maintenance cycle of certain refineries, the profit margin of refineries were compressed, the production incentiveness decreased, and the utilization rate of refineries continued to decline, which affected domestic crude oil jetty and storage businesses of the Company, resulting in a decline in the related investment return of the Company.

Key Operational Data

		Unit	2025	2024	Change
(I)	**Domestic crude oil jetty and storage business**				
	Huade Petrochemical				
	– Unloading volume of crude oil (From Sinopec Group)	0'000 tonnes	1,098	1,232	-10.88%
	– Unloading volume of crude oil (From third-party customers)	0'000 tonnes	388	160	142.50%
	– Number of unloading vessels of crude oil	vessels	118	109	8.26%
	– Transshipment business volume	0'000 tonnes	1,270	1,220	4.10%
	– Pipeline transmission business volume	0'000 tonnes	1,102	1,189	-7.32%
	– Naphtha unloading volume	0'000 tonnes	69	5	1,280.00%
	Caofeidian Shihua				
	– Unloading volume of crude oil	0'000 tonnes	1,220	1,266	-3.63%
	Five domestic terminal companies				
	– Throughput of crude oil	0'000 tonnes	15,225	17,753	-14.24%
(II)	**Overseas storage business**				
	FOT				
	– Occupancy rate	%	99%	100%	Fell by 1 pp
	– Throughput	0'000 tonnes	1,313	1,348	-2.60%
	Vesta				
	– Occupancy rate (Belgium)	%	100%	100%	Unchanged
	– Occupancy rate (Netherlands)	%	97%	98%	Fell by 1 pp
	– Throughput (Belgium)	0'000 tonnes	992	1,016	-2.36%
	– Throughput (Netherlands)	0'000 tonnes	146	136	7.35%
(III)	**LNG transportation and logistics**				
	– Completed voyages	voyages	98	103	-4.85%
	– Transported LNG volume	0'000 m^3	1,616	1,709	-5.44%

Business Segments

In 2025, the Group had two business segments, namely a) the crude oil jetty and storage business (including the domestic crude oil jetty and storage business and overseas storage business) and b) the vessel chartering and logistics business. The segment reports of the Group for the year ended 31 December 2025 are set out in note 5 to the consolidated financial statements.

a) Crude oil Jetty and Storage Business

In 2025, 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, the total throughput of domestic jetty companies was affected, and the results of this segment declined.

For the year ended 31 December 2025, the segment revenue from the Group's crude oil jetty and storage business was approximately HK$658,637,000 (2024: HK$667,091,000), representing a year-on-year decrease of approximately 1.27%; segment results from crude oil jetty and storage business were approximately HK$791,185,000 (2024: HK$1,004,618,000), representing a year-on-year decrease of approximately 21.25%.

Huade Petrochemical

During the Reporting Period, while maintaining the stability of its existing business, Huade Petrochemical strived to open up third-party customer markets, overcame the challenges of the maintenance of the refining facilities of a major customer, and the business indicators of third-party customers reached a record high. During the Reporting Period, Huade Petrochemical successfully expanded its naphtha unloading business of approximately 690,000 tonnes and completed crude oil unloading of approximately 14.86 million tonnes, representing a year-on-year increase of approximately 6.75%. Huade Petrochemical took multiple measures to optimize its production organization and continued to improve service efficiency. During the Reporting Period, it recorded a revenue of approximately HK$659 million, representing a year-on-year decrease of approximately 1.27%. The segment results were approximately HK$277 million, representing a year-on-year increase of approximately 2.81%.

Caofeidian Shihua

During the Reporting Period, several customers of Caofeidian Shihua entered into the maintenance period. In order to effectively ensure the business volume, Caofeidian Shihua actively expanded the sources of oil types for unloading, deeply connected with the production and operation demands of downstream refineries, and successfully secured the unloading business beyond the original plan. A total of 47 crude oil tankers were unloaded for the whole year, and completed the unloading of approximately 12.20 million tonnes of crude oil, representing a year-on-year decrease of approximately 3.63%.

Five Domestic Terminal Companies

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 Tianjin Port Shihua Crude Oil Terminal Co., Ltd. ("**Tianjin Port Shihua**"), Qingdao Shihua Crude Oil Terminal Co., Ltd. ("**Qingdao Shihua**"), Rizhao Shihua Crude Oil Terminal Co., Ltd. ("**Rizhao Shihua**"), Ningbo Shihua Crude Oil Terminal Co., Ltd. ("**Ningbo Shihua**") and Zhan Jiang Port Petrochemical (collectively, the "**Five Domestic Terminal Companies**"), the aggregate throughput of the Five Domestic Terminal Companies amounted to approximately 152 million tonnes, representing a year-on-year decrease of approximately 14.24%. During the Reporting Period, the Five Domestic Terminal Companies and Caofeidian Shihua generated a total investment return of approximately HK$365 million for the Company, representing a year-on-year decrease of approximately 37.18%.

Overseas Storage – FOT

During the Reporting Period, due to the fact that the international oil was in a stage of oversupply, oil prices were under downward pressure, which directly affected the storage demand for commercial reserves. In addition, the new storage tanks in the Port of Fujairah were gradually commissioned, and the local storage tank business faced competitive pressure. Fujairah Oil Terminal FZC ("**FOT**"), a joint venture of the Company in the Middle East, continued to maintain a high occupancy rate, but the average rental level decreased by approximately 2.10% compared to the same period in 2024. In addition, as a result of the official commissioning of the construction of FOT's pipeline network connecting the storage area to the very large crude carrier (the "**VLCC**") terminal at the port in 2025 and an increase in the relevant depreciation and finance expenses, therefore FOT has contributed an investment return of approximately HK$108 million for the Company, representing a year-on-year decrease of approximately 13.60%.

Overseas Storage – Vesta

In 2025, Vesta, a joint venture of the Company, actively responded to the long-term development of the jet fuel market, and continued to enhance the market competitiveness.

In the Belgian storage area, Vesta focused on the promotion of customer base optimization strategies, improved the terms of lease contracts for tanks, and actively increased the revenue to ensure that the revenue can remain reasonably stable under market fluctuations. At the same time, it also ensured that Vesta could seize the opportunity to improve performance when there was a positive market opportunity. During the Reporting Period, the occupancy rate of the Belgian storage area was 100%, and the average rental level increased by approximately 17.27% year-on-year. The new connection project between the Belgian storage area and the terminal at the port of Antwerp has started the construction, which has a positive impact on ensuring the safe and stable operation of the storage area in Belgium, further expansion of the storage and transportation business, and improvement of the corporate efficiency. It is expected to be completed and commissioned in the first half of 2026.

In the Dutch storage area, Vesta has long focused on strategic reserve customers and currently still targets diesel customers as its major customers due to geographical location and terminal conditions. During the Reporting Period, the occupancy rate of the Dutch storage area was approximately 97%, and the average rental level decreased by approximately 1.28% year-on-year.

During the Reporting Period, Vesta contributed an investment return of approximately HK$41.33 million for the Company, representing a year-on-year increase of approximately 44.26%.

b) Vessel Chartering and Logistics Business

For the year ended 31 December 2025, domestic natural gas imports remained stable. According to data from the General Administration of Customs of China, China imported approximately 128 million tonnes of natural gas in 2025, representing a year-on-year decrease of approximately 2.84%.

The Group's liquefied natural gas (the "**LNG**") vessel logistics business maintained steady operations and the eight LNG vessels of the Group had completed a total of 98 voyages, and transported approximately 16.16 million m^3 of LNG. Total investment return of approximately HK$89.84 million was generated from the Group's LNG vessel logistics business in 2025, representing a year-on-year decrease of approximately 24.84%, which was mainly due to an one-time financial adjustment of China Energy Shipping Investment Co., Ltd. ("**China Energy**") on the accident losses of CESI QINGDAO for equipment failure and a year-on-year increase in amortization of long-term vessels maintenance expenses.

Business Outlook

Challenges

Geopolitical risks intensified: Geopolitical risks such as trade frictions, sanctions restrictions and regional conflicts still exist, which may have an impact on the global oil trade market.

Rise of low-carbon economy: China vigorously promotes "carbon neutrality", the proportion of new energy replacing petrochemical energy continues to increase, the trend of new energy vehicles replacing traditional fuel vehicles has been established, coupled with green and low-carbon technologies replacing petrochemical products, and the demand for crude oil in the long term is expected to be peaked.

Production and operations and natural disaster challenges: The petroleum and petrochemical storage and logistics sector is a high-risk industry characterized by flammable, explosive, and environmental hazardous materials, and is vulnerable to natural disasters. Climate change is becoming more and more serious, heavy rains or typhoons may cause emergencies, affecting the smooth operation of terminals and crude oil pipelines, and petrochemical leakage may have a significant impact on the environment and society, cause significant economic losses to the Company, and cause significant harm to personal safety.

Opportunities

Demands for crude oil in the PRC remains strong: According to historical crude oil import data of China over the years, China's dependence on crude oil imports has remained above 70% for a long time. The national "15th Five-Year Plan" clearly points out that "Optimizing the layout of energy backbone routes and accelerating the construction of new energy infrastructure". It brings development opportunities to the Group's core businesses.

Smart port construction: As digital and intelligent technology becomes more mature, efficiency improvement and cost reduction of ports are promoted, such as the promotion of automated loading and unloading in ports or introduction of artificial intelligence technologies, the safety control becomes more accurate, the operating cost structure is optimized, and the unit efficiency has been improved.

Expansion of green energy business: Transition towards green and low-carbon directions, research and development of green energy, such as green ammonia storage, LNG transportation business, etc.

2. CONSOLIDATED RESULTS

Revenue, Gross Profit and Operating Profit

During the Reporting Period, the revenue of the Group amounted to approximately HK$658,637,000 (2024: HK$667,091,000), representing a year-on-year decrease of approximately 1.27%; the gross profit amounted to approximately HK$319,249,000 (2024: HK$323,722,000), representing a year-on-year decrease of approximately 1.38%; the revenue and gross profit in 2025 were similar to the same period in 2024; the operating profit amounted to approximately HK$269,838,000 (2024: HK$174,008,000), representing a year-on-year increase of approximately 55.07%, which was mainly attributable to 1) an increase in net foreign exchange gains of the Group in 2025, resulting in an increase in other income and other gains, net; 2) strengthening various cost controls by the Group, leading to a decrease in distribution costs and administrative expenses.

Other Income and Other Gains, Net

For the year ended 31 December 2025, the Group's other income and other gains, net amounted to approximately HK$75,348,000 (2024: HK$982,000), representing a year-on-year increase of approximately 7,572.91%, which was mainly due to net exchange gains as a result of the Group's conversion of Renminbi dividends from its domestic operating entities to HKD/USD and the foreign currency exposure in terms of book value in USD in 2025, as compared with the net exchange losses as a result of the Group's conversion of Renminbi dividends from its domestic operating entities to HKD/USD and the foreign currency exposure in terms of book value in USD in 2024.

Administrative Expenses

For the year ended 31 December 2025, the administrative expenses of the Group was approximately HK$107,023,000 (2024: HK$132,065,000), representing a year-on-year decrease of approximately 18.96%, which was mainly due to a year-on-year decrease in the provision for bonuses, resulting in a decline in the labour costs.

Share of Results of Joint Ventures

For the year ended 31 December 2025, the Group's share of results of joint ventures was approximately HK$527,623,000 (2024: HK$695,960,000), representing a year-on-year decrease of approximately 24.19%, which was mainly due to the reduction in the demand for crude oil in the domestic market resulting from the acceleration of new energy substitution, coupled with the throughput of domestic jetty companies has declined year-on-year, and a decrease in relevant investment return.

Share of Results of Associates

For the year ended 31 December 2025, the Group's share of results of associates was approximately HK$76,711,000 (2024: HK$159,072,000), representing a year-on-year decrease of approximately 51.78%, which was mainly due to the completion and operation of a newly connected crude oil pipeline of a major customer of Zhan Jiang Port Petrochemical, an associate of the Company, which diverted the throughput of Zhan Jiang Port Petrochemical.

Profit before Income Tax and Profit for the Year

For the year ended 31 December 2025, the Group's profit before income tax amounted to approximately HK$1,129,954,000 (2024: HK$1,286,992,000), representing a year-on-year decrease of approximately 12.20%; and the Group's profit for the Year amounted to approximately HK$1,028,286,000 (2024: HK$1,177,400,000), representing a year-on-year decrease of approximately 12.66%, was mainly due to a year-on-year decrease in investment returns from the domestic jetty companies attributable to the Group.

3. FINANCIAL POSITION

Right-of-use Assets

As at 31 December 2025, the Group's right-of-use assets amounted to approximately HK$53,756,000 (as at 31 December 2024: HK$62,427,000), representing a decrease of approximately 13.89% as compared with the end of 2024, it was mainly due to the depreciation of rights-of-use assets such as properties and the land lease of the Company.

Liquidity and Source of Finance

As at 31 December 2025, the Group's cash and cash equivalents and time deposits with original maturity of more than three months aggregately amounted to approximately HK$7,655,068,000 (as at 31 December 2024: HK$6,943,131,000), representing an increase of approximately 10.25% as compared with the end of 2024, which was mainly attributable to the interest received by the Group on deposits and dividends from some of its operating entities. During the Reporting Period, the Company increased the proportion of US dollar deposits and extended the deposit period, some of which was extended to more than 1 year.

As at 31 December 2025, the Group had no bank loans and other borrowings.

Deferred Income Tax Liabilities

As at 31 December 2025, the Group's deferred income tax liabilities amounted to approximately HK$122,502,000 (as at 31 December 2024: HK$136,920,000), representing a decrease of approximately 10.53% as compared with the end of 2024. The decrease in deferred income tax liabilities was mainly due to a year-on-year decrease in the related dividend income tax of domestic jetty companies.

Lease Liabilities

As at 31 December 2025, the Group's lease liabilities amounted to approximately HK$31,713,000 (as at 31 December 2024: HK$37,129,000), representing a decrease of approximately 14.59% as compared with the end of 2024. 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 2025, the Group's trade and other payables amounted to approximately HK$133,469,000 (as at 31 December 2024: HK$145,904,000), representing a decrease of approximately 8.52% as compared with the end of 2024, which was mainly due to a decrease in the amount of bonuses payable to employees and the payment of the construction payable of the upgrading and transformation project of Mabianzhou jetty facilities according to the progress of such project.

Income Tax Payable

As at 31 December 2025, the Group's income tax payable amounted to approximately HK$16,179,000 (as at 31 December 2024: HK$14,317,000), representing an increase of approximately 13.01% as compared with the end of 2024, which was mainly due to an increase in Hong Kong profits tax payable by the Company.

Current Ratio, Liabilities to Assets Ratio and Gearing Ratio

As at 31 December 2025, the Group's current ratio (current assets to current liabilities) was approximately 24.61 (as at 31 December 2024: 42.47), and its liabilities to assets ratio (total liabilities to total assets) was approximately 2.05% (as at 31 December 2024: 2.33%). As at 31 December 2025, 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 2024: nil).

Capital Management

The management of the Company strives to optimise the structure of the Group's capital, which comprises of equity and borrowings. In order to maintain and adjust the capital structure of the Group, the 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 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 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 -1.55% as at 31 December 2025. (The net debt-to-capital ratio of the Group as at 31 December 2024: -2.54%)

The capital management of the Group for the year ended 31 December 2025 is set out in note 3.2 to the consolidated financial statements.

Cash Flow Situation

For the year ended 31 December 2025, the Group's net cash inflow generated from operating activities amounted to approximately HK$251,426,000 (2024: HK$88,785,000), representing a year-on-year increase in net inflow of approximately HK$162,641,000, which was mainly due to firstly, the decrease in trade receivables and the increase in trade payable of the Group; secondly, the year-on-year decrease in dividends of operating entities in 2025 leading to a decrease in the payment of relevant income tax expenses.

For the year ended 31 December 2025, the Group's net cash inflow used in investing activities was approximately HK$200,499,000 (net outflow for 2024: HK$701,150,000), representing a year-on-year decrease in net outflow of approximately HK$901,649,000, which was mainly due to firstly, the year-on-year decrease in cash inflow from dividends received by the Group from operating entities in 2025; secondly, a slower increase in the amount of time deposits exceeding three months in the year.

For the year ended 31 December 2025, the Group's net cash outflow used in financing activities amounted to approximately HK$629,827,000 (2024: HK$629,581,000), representing a year-on-year increase in net outflow of approximately HK$246,000, which was basically the same as the same period in last year.

4. PRINCIPAL RISKS AND UNCERTAINTIES

Geopolitical Risks

The recent escalation of the Middle East situation and Iran's potential blockade of the Strait of Hormuz, a key channel for global oil transportation, have directly affected the global oil market pattern. The current geopolitical situation and subsequent uncertainties would exacerbate oil price fluctuations, affect the stability of the global crude oil supply chain, and pose significant risks to the safety of the Company's storage tank facilities as well as the personnel and property of FOT in the Middle East. If the situation continues to escalate, it will place significant pressure on the business and production operations of the Company. FOT of the Group has formulated emergency plans for public safety incidents, established risk precaution and emergency mechanisms, and fully implemented on-site protective measures on tank farms, personnel and materials. The Group has mitigated risks through insurance, has taken out political violence insurance for tank farms, covering compensation for property loss and business interruption in a single incident, and has transferred liabilities for cargo-related risks through provisions under the tank lease contract. In addition, we will closely monitor the security and political situation in relevant regions, continuously track and evaluate external risks that may affect the Group's operations through regular risk assessment and monitoring mechanisms, and take effective measures to manage and mitigate related risks.

Safety and Environmental Protection Risks

In terms of safety and environmental protection risks, as the petroleum and petrochemical storage and logistics is an industry which is exposed to the high-risk of inflammation, explosion and environmental pollution. These risks may lead to safety incidents and environmental pollution events, thereby affecting the continuity of production and operations and causing suspension of production and business; at the same time, they may result in huge expenditures for incident handling, pollution control, damages and compensation, adversely affecting the financial condition of the Company. In terms of responses, the Group strictly implements the primary responsibility for safe production, improves safety and environmental management systems, regularly carries out equipment maintenance and hazard inspections, equips compliant environmental protection facilities, and continuously enhances risk prevention and control capabilities to minimise the adverse impact of safety and environmental risks on the operations, financial and business plan of the Company.

Legal Compliance Risks

In terms of legal compliance risks, as the petroleum and petrochemical industry was strictly constrained by relevant laws and regulations such as national safety production, environmental protection, contract management, project bidding, materials procurement, etc., as well as industry regulatory policies, the compliance requirements were extremely high. If the Company had a compliance oversight or failed to strictly adhere to relevant provisions across its operational processes, it would constitute a compliance risk. Such risk may trigger administrative penalties from regulatory authorities, legal proceedings or arbitration by relevant parties, affecting the compliance and operation order of the Company, damaging the market credit and industry reputation of the Company, and thereby leading to the termination of cooperation and business restrictions. In terms of the finance, additional expenses such as fines and compensation may be incurred, together with the increasing compliance management costs may adversely affect the financial condition of the Company. In terms of the response, the Group continues to improve the internal control system. It further enhances and optimises 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. The Group improves various compliance management systems, enhances business compliance audits, strengthens compliance controls through measures such as audits and self-inspections, continues to improve compliance management capabilities, and effectively prevents and mitigates the adverse impact of legal compliance risks on the operations, financial conditions and business plans of the Company.

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 revenue 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.

The exchange rate risk of the Group for the year ended 31 December 2025 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 interest 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 and extend part of the deposit periods. The Group had no financial instruments for interest rate hedging purposes.

The interest rate risk of the Group for the year ended 31 December 2025 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 management of the Company 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 2025 is set out in note 3.1(d) to the consolidated financial statements.

The above are the principal risks and uncertainties of the Group, with detailed descriptions are set out in the section headed "Risk Identification and Response Measures" under the "Corporate Governance Report" on page 59 to page 60 of this annual report. The discussion forms a part of the "Report of the Directors".

5. OTHER MATERIAL MATTERS

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

Save as disclosed in this report, the Company did not have any significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period. Moreover, save as disclosed in this report, as at 31 December 2025, the Board did not authorize the processing of material investments or addition of capital assets.

Contingent Liabilities and Assets Pledged by the Group

As at 31 December 2025, 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 2025
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 2025 and the date of this report.

As at 31 December 2025 and the date of this report, the Group had no contingent liabilities.

In support of the operational development of joint ventures and an associate, as at 31 December 2025, 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 claim for debt under 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 2025, the Group had a total of 216 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 2025, the Group organized and carried out training activities on anti-corruption laws and regulations, management of network security protection and occupational health management 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 2025, 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 2025.

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 6 of this annual report and the section headed Management Discussion and Analysis on pages 7 to 19 of this annual report.

EVENTS AFTER THE END OF THE REPORTING PERIOD

On 12 February 2026, the Company announced that Sinomart Development, its wholly-owned subsidiary, has entered into an exclusive operation agreement with Caofeidian Port Group Co., Ltd., pursuant to which Caofeidian Shihua has become an indirect non-wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Group. For details, please refer to the announcement published by the Company on the same date.

On 27 February 2026, the Company announced that Rizhao Shihua, a joint venture, has commenced liquidation proceedings. As part of the liquidation arrangements, the liquidation group of Rizhao Shihua would sell certain operating assets and its ancillary facilities held by Rizhao Shihua for a total transaction price of approximately RMB2.41 billion. For details, please refer to the announcement published by the Company on the same date.

In late February 2026, the outbreak of conflict between the United States, Israel and Iran has escalated tensions in the Middle East and may affect the storage and jetty businesses of the Group's domestic and foreign operating entities. The Group is closely monitoring the possible impact of the development and assessing its potential impact on the financial position, cash flow and operating results of the Group.

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 2025, 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 2025, 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	74%	N/A
Five largest customers in aggregate	99%	N/A
The largest supplier	N/A	9%
Five largest suppliers in aggregate	N/A	20%

Sinopec Group Company, the controlling shareholder of the Company, had beneficial interests in two of the five largest customers and did not have beneficial interests in 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 2025 and the financial position of the Group and the Company as at that date are set out in the consolidated financial statements on pages 85 to 160 of this annual report.

TRANSFER TO RESERVES

For the year ended 31 December 2025, profit attributable to equity holders of the Company, before dividends, of approximately HK$1,028,261,000 (2024: HK$1,177,396,000) has been transferred to reserves. As at 31 December 2025, the aggregate amount of reserves available for distribution to equity shareholders of the Company, including the contributed surplus and retained earnings, was HK$2,729,240,000 (2024: HK$2,881,841,000). Details of other changes in reserves are set out in the consolidated statement of changes in equity on pages 88 to 89 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 2025 (2024: HK25 cents per share) payable in cash, excluding the interim dividend of HK10 cents per share for 2025 (2024: HK10 cents per share) paid in cash on 26 September 2025, the final dividend of HK15 cents per share for 2025 (2024: HK15 cents per share) will be paid in cash to all shareholders whose names appear on the register of members of the Company on 11 June 2026 (Thursday).

The register of members of the Company will be closed from 9 June 2026 (Tuesday) to 11 June 2026 (Thursday) (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 8 June 2026 (Monday). The cheques for dividend payment will be sent to shareholders on or about 26 June 2026 (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 – 2025 ANNUAL GENERAL MEETING

The Company will convene the 2025 annual general meeting on 3 June 2026 (Wednesday), and the register of members of the Company will be closed from 29 May 2026 (Friday) to 3 June 2026 (Wednesday) (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending the 2025 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 28 May 2026 (Thursday).

FIXED ASSETS

For the year ended 31 December 2025, the Group spent approximately HK$47,797,000 (2024: HK$121,756,000) 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 2025 are set out in note 24 to the consolidated financial statements.

No shares of the Company was issued during the year ended 31 December 2025.

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

During the year ended 31 December 2025, 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 2025 or subsisted at the end of 2025.

MEMBERS OF THE BOARD

The following is a list of the Board of Directors for the year ended 31 December 2025 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 entitled "Directors and Senior Management" of this annual report. 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 (Chairman)
Mr. Yang Yanfei
Mr. Ren Jiajun
Mr. Zou Wenzhi
Mr. Mo Zhenglin
Mr. Sang Jinghua (General Manager)

NON-EXECUTIVE DIRECTOR

Mr. Tu Yikai (Appointed on 29 September 2025)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fong Chung, Mark
Dr. Wong Yau Kar, David
Ms. Wong Pui Sze, Priscilla
Mr. Ye, James Zheng (Appointed on 29 September 2025)
Ms. Tam Wai Chu, Maria (Resigned on 29 September 2025)

Information on the Directors is set out in the section entitled "Directors and Senior Management".

In accordance with the Company's Bye-laws (the "**Bye-laws**"), Mr. Ren Jiajun and Mr. Sang Jinghua, being executive Directors, together with Dr. Wong Yau Kar, David, being an independent non-executive Director, will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for reelection. Dr. Wong Yau Kar, David, an independent non-executive Director, has served the Board for more than nine years and was considered and passed by shareholders by a separate resolution at the forthcoming annual general meeting. Mr. Tu Yikai was appointed by the Board as a non-executive Director of the Company on 29 September 2025 and Mr. Ye, James Zhen was appointed by the Board as an independent non-executive Director of the Company on 29 September 2025. They will retire at the forthcoming annual general meeting of the Company and, being eligible, will offer themselves for reelection.

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 non-executive Director and 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 2025, 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 (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO) 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 2025, 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 2025, 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 2025, 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	201,434,000 (L)	8.10%
CITIC Limited Note 2	Interest of controlled corporations	201,434,000 (L)	8.10%
CTI Capital Management Limited Note 2	Beneficial owner	201,434,000 (L)	8.10%

(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 201,434,000 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 2025.

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 28 to 36 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 2025, 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 161 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 55 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 2025 and as at the date of this report, the Company has maintained sufficient public float prescribed under the Listing Rules.

AUDITOR

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 reappointment 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 2025, 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 2025, 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 19 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 2025, the Group donated over HK$860,000 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, 16 March 2026

I. EXISTING CONTINUING CONNECTED TRANSACTION AGREEMENTS ENTERED INTO BY THE GROUP

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 ended 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.

In addition, on 26 October 2022, the Group correspondingly entered into a number of framework agreements constituting continuing connected transactions for the three financial years ended 31 December 2025. As the applicable percentage ratios for the cap in respect of each of these framework agreements are more than 0.1% but less than 5%, the agreements are 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 agreements are as follows:

5. 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 owns Kantons International, the controlling shareholder of the Company.

The aforesaid agreements and the annual caps for the continuing connected transactions to be conducted by the Group for the three financial years ended 31 December 2025 are as follows:

	Transaction amount annual caps for the year ended 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
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 (HK$ million) [Note]	900.00	900.00	900.00
Oil product purchase expenditure	10.00	10.00	10.00

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.

The Company confirms that the execution and fulfillment of specific agreements under the continuing connected transaction during the Reporting Period have complied with the pricing principles of such continuing connected transactions.

II. EXISTING CONNECTED TRANSACTION AGREEMENT(S) 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.

6. 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.

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 exempt 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 TRANSACTION CONDUCTED BY THE GROUP DURING THE YEAR

1. For the year ended 31 December 2025, 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 2025 RMB million	Annual caps for the year 2025 RMB million
1. Crude oil jetty and storage services income	481.47	550.00
2. Fuel oil jetty and storage services income	49.68	80.00
3. Maximum balance of deposits to be placed by Huade Petrochemical in Sinopec Finance during the Year	386.35	400.00
4. Maximum balance of deposits to be placed outside the PRC by the Group in Century Bright during the Year (HK$ million) Note	884.66	900.00
5. Oil product purchase expenditure	3.71	10.00

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

2. As at 31 December 2025, 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 2025 RMB million	Maximum total amount RMB million
6. Expenditure on the construction project of Mabianzhou jetty facilities	27.31	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.

IV. AGREEMENTS RENEWED AND NEWLY ENTERED INTO BY THE GROUP AS AT THE DATE OF THIS REPORT CONSTITUTING CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS

The Group entered into the following agreements which constituted continuing connected transactions and connected transactions from 1 January 2025 and as at the date of this report:

On 21 August 2025:

1. The Company entered into the Information Technology Project Framework Master Agreement with Petro-CyberWorks Information Technology Co., Ltd. ("**PCITC**") in relation to the Information Technology Projects by PCITC to the Group, including 1) the integrated comprehensive management platform development and cybersecurity project and 2) the intelligent storage tank project.

   Details are as follows:

   In order to enhance the overall informatization level, comprehensive office capabilities and cybersecurity of the Group, and advance the intelligent storage tank project of its subsidiary, Huade Petrochemical, the Company entered into the Information Technology Project Framework Master Agreement with PCITC to set out a framework for the provision of the relevant services in relation to the Information Technology Projects by PCITC to the Group. PCITC will undertake the Information Technology Projects for the Group, including 1) the integrated comprehensive management platform development and cybersecurity project and 2) the intelligent storage tank project. For details, please refer to the announcement of the Company dated 21 August 2025.

   As PCITC is an indirect subsidiary of Sinopec Group Company, while Sinopec Group Company indirectly controls Kantons International, the controlling shareholder of the Company. All transactions contemplated under this framework agreement constitute connected transactions of the Company in accordance with the Listing Rules. As the maximum applicable percentage ratio under this framework agreement is higher than 0.1% but less than 5%, this framework agreement is only subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the independent shareholders' approval requirements.

On 29 September 2025:

2. Huade Petrochemical re-entered into the Crude Oil Jetty and Storage Services Framework Master Agreement with Guangzhou Petrochemical, Sinopec Petroleum Reserve Company and Sinopec Petroleum Marketing Company in relation to the provision of crude oil jetty and storage services.

3. Huade Petrochemical re-entered into the Sinopec Fuel Oil Sales Company Limited Framework Master Agreement with Sinopec Fuel Oil in relation to the provision of fuel oil jetty and storage services by Huade Petrochemical to the Sinopec Fuel Oil.

4. Huade Petrochemical re-entered into the Sinopec Finance Financial Services Framework Master Agreement with Sinopec Finance Guangzhou Branch in relation to the provision of financial services by Sinopec Finance Guangzhou Branch within the PRC to Huade Petrochemical.

5. The Company re-entered into the Century Bright Financial Services Framework Master Agreement with Century Bright in relation to the provision of financial services such as the deposit and settlement by the Century Bright outside the PRC to the Group.

6. Huade Petrochemical newly entered into the Oil Product Purchase Framework Master Agreement with Sinopec Fuel Oil and Sinopec Marketing Co., Ltd. Guangzhou Petroleum Branch ("**Guangdong Petroleum**") in relation to the sale of diesel from Sinopec Fuel Oil and Guangdong Petroleum to Huade Petrochemical.

7. The Company newly entered into the Engineering Services Framework Master Agreement with SINOPEC Engineering (Group) Co., Ltd. ("**Sinopec Engineering**") in relation to the provision of engineering services by Sinopec Engineering to the Group.

As the existing continuing connected transactions entered into by the Group expired on 31 December 2025, in order to maintain business continuity and in accordance with the actual needs of the business development of the Group, on 29 September 2025, the Group renewed and entered into the framework agreements (i.e. items 2-6) which constituted continuing connected transactions in relation to existing continuing connected transactions and newly entered into a framework agreement for item 7 for a period of three financial years ending 31 December 2028.

For details of the framework agreements and continuing connected transactions mentioned in items 2-5, please refer to the introduction in section I above, as well as the announcement of the Company dated 29 September 2025 and the circular dated 31 October 2025. Those framework agreements were approved at the special general Meeting of the Company convened on 27 November 2025.

For details of the framework agreements and continuing connected transactions mentioned in item 6, please refer to the introduction in section I above. The framework agreement and continuing connected transaction mentioned in item 7 are to ensure the orderly advancement and scheduled completion of potential future engineering projects, Sinopec Engineering has therefore been engaged to provide relevant engineering services. For details, please refer to the announcement of the Company dated 29 September 2025. As the applicable percentage ratios under these framework agreements mentioned in items 6-7 exceed 0.1% but are below 5%, such framework agreements are only subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but exempt from the independent shareholders' approval requirement.

On 29 December 2025:

8. Huade Petrochemical newly entered into a Fire Services Agreement with Sinopec Henan Petroleum Exploration Bureau Co., Ltd ("**Sinopec Henan Petroleum Exploration**").

   Details are as follows:

   In order to ensure safe operations, Huade Petrochemical, a wholly-owned subsidiary of the Company, entered into a Fire Service Agreement with Sinopec Henan Petroleum Exploration, pursuant to which Sinopec Henan Petroleum Exploration agreed to provide fire services to Huade Petrochemical for its daily operations.

   As Sinopec Henan Petroleum Exploration is an indirect subsidiary of Sinopec Group Company, while Sinopec Group Company indirectly controls Kantons International, the controlling shareholder of the Company. All transactions contemplated under such agreement constitute connected transactions of the Company in accordance with the Listing Rules. As the maximum applicable percentage ratios under the framework agreement are higher than 0.1% but less than 5%, the agreement is only subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the independent shareholders' approval requirements.

In order to strengthen regulations for the regulatory framework of the transactions contemplated under the Listing Rules, the Company will treat the transaction under such agreement as a continuing connected transaction of the Company in accordance with Chapter 14A of the Listing Rules. The transaction contemplated under such agreement is subject to annual review by independent non-executive Directors and auditors of the Company in accordance with the requirements applicable to continuing connected transactions under the Listing Rules. For details, please refer to the announcements of the Company dated 29 December 2025 and 12 February 2026.

On 12 February 2026:

The Board of the Company announced that, Sinomart KTS Development Limited ("**Sinomart Development**"), a wholly-owned subsidiary of the Company, has entered into the Exclusive Operation Agreement with Caofeidian Port Group Co., Ltd. ("**Caofeidian Port Group**"), pursuant to which Caofeidian Shihua shall provide crude oil terminal operation services exclusively to Sinomart Development or customers designated by Sinomart Development. Following the entering into of the Exclusive Operation Agreement and after reassessing the Group's relationship with Caofeidian Shihua in accordance with applicable accounting standards, Caofeidian Shihua has become an indirect non-wholly-owned subsidiary of the Company and its financial results will be consolidated into the consolidated financial statements of the Group.

As a result of the consolidation, transactions between Caofeidian Shihua and members of the Sinopec Group will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

9. Caofeidian Shihua newly entered into three Crude Oil Jetty Services Framework Agreements with (1) China Petroleum & Chemical Corporation Beijing Yanshan Branch ("**Sinopec Beijing Yanshan Branch**"), Sinopec (Tianjin) Petrochemical Co., Ltd. ("**Sinopec Tianjin**"), China Petroleum & Chemical Corporation Shijiazhuang Refining and Chemical Branch ("**Sinopec Shijiazhuang Branch**"), China Petroleum & Chemical Corporation Cangzhou Branch ("**Sinopec Cangzhou Branch**"), (2) Sinopec Petroleum Reserve Company Limited ("**Sinopec Petroleum Reserve Company**") and (3) Sinopec Petroleum Marketing Company Limited ("**Sinopec Petroleum Marketing Company**") in relation to the provision of crude oil jetty services.

10. Caofeidian Shihua newly entered into the Financial Services Agreement with Sinopec Finance Company Limited Tianjin Branch ("**Sinopec Finance Tianjin Branch**") in relation to the provision of financial services within the PRC by Sinopec Finance Tianjin Branch to Caofeidian Shihua.

As each of Sinopec Beijing Yanshan Branch, Sinopec Shijiazhuang Branch and Sinopec Cangzhou Branch is a branch company of Sinopec Corp., each of Sinopec Tianjin and Sinopec Petroleum Marketing Company is a wholly-owned subsidiary of Sinopec Corp., Sinopec Petroleum Reserve Company is a wholly-owned subsidiary of Sinopec Group Company which is the controlling shareholder of the Company, and Sinopec Finance Tianjin Branch is a branch company of Sinopec Finance which is controlled by Sinopec Group Company, the controlling shareholder of the Company, each of the above parties is an associate of Kantons International and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under each of the Crude Oil Jetty Services Framework Agreements and the Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For details of the framework agreements and continuing connected transactions mentioned in items 9-10, please refer to the announcement of the Company dated 12 February 2026 and the circular dated 10 March 2026. Such framework agreements were approved by the shareholders of the Company at the special general meeting of the Company convened on 30 March 2026.

The aforesaid agreements referred to in items 1 to 10 and the annual caps for the (continuing) connected transactions to be conducted by the Group for the three financial years ending 31 December 2028 are as follows:

	Cumulative transaction amounts as at 31 December 2025 RMB million	Maximum total amount RMB million
1. Expenditure on Information Technology Projects of the Group	7.05	15.00

	Transaction amount annual caps for the year ending 31 December (RMB million)		
	2026	2027	2028
2. Crude oil jetty and storage services income from Huade Petrochemical	550.00	550.00	550.00
3. Fuel oil jetty and storage services income from Huade Petrochemical	70.00	70.00	70.00
4. Maximum balance of deposits to be placed by Huade Petrochemical in Sinopec Finance Guangzhou Branch	400.00	400.00	400.00
5. Maximum balance of deposits to be placed by the Group in Century Bright (HK$ million)[Note]	900.00	900.00	900.00
6. Oil product purchase expenditure by Huade Petrochemical	10.00	10.00	10.00
7. Expenditure on engineering services of the Group	26.00	26.00	26.00
8. Expenditure on fire services of Huade Petrochemical	6.02	6.02	–
9. Crude oil jetty services income from Caofeidian Shihua	155.00	155.00	155.00
10. Maximum balance of deposits to be placed by Caofeidian Shihua in Sinopec Finance Tianjin Branch	150.00	150.00	150.00

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

As at 31 December 2025 and up to the date of this report, the Directors and senior management of the Company are as follows:

EXECUTIVE DIRECTORS

Mr. Zhong Fuliang

Mr. Zhong Fuliang, aged 57, 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 from Staffordshire University with a master's degree in business administration in July 2003. He holds a bachelor's degree in economics and a master's degree in business administration. He is a professorate 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 58, 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 professorate 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 58, is an executive Director of the Company, is a professorate 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 55, 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 from Staffordshire University with a master's degree in business administration 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 61, 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. From April 2018 to April 2024, Mr. Mo has served as a director of Petro-CyberWorks Information Technology Co., Ltd. In addition, Mr. Mo has served as a director of Sinopec SABIC Tianjin Petrochemical Company Limited since March 2019. Mr. Mo has been an executive Director of the Company since March 2020.

Mr. Sang Jinghua

Mr. Sang Jinghua, aged 58, is an executive Director and the General Manager of the Company, is a professorate 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. 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 deputy general manager 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 and the General Manager of the Company, and currently serving as the legal representative and chairman of Caofeidian Shihua, as well as a director of Sinopec Kantons International Limited, Sinomart KTS Development Limited and Kantons International Investment Limited.

Mr. Tu Yikai

NON-EXECUTIVE DIRECTOR

Mr. Tu Yikai, aged 49, is a non-executive Director of the Company. Mr. Tu graduated from Chongqing University (重慶大學) in July 1999 and obtained a bachelor's degree in industrial foreign trade. He graduated from the University of Science and Technology Beijing (北京科技大學) in March 2002 and obtained a master's degree in enterprise management. From April 2002 to December 2008, Mr. Tu successively served as the account manager of the corporate business department, an account manager at the Fuhua Building Sub-Branch (富華大廈支行), the account manager and senior account manager of the investment banking department, the deputy manager and manager of the strategic client division of the corporate banking department and the assistant general manager and the manager of the strategic client division of the corporate banking department of the business department at the head office (總行營業部) of China CITIC Bank Corporation Limited (中信銀行股份有限公司) ("**CITIC Bank**"). From December 2008 to July 2013, he successively served as the senior manager and deputy general manager of the second division of trust business and the deputy general manager and general manager of the third division of trust business of CITIC Trust Co., Ltd. (中信信託有限責任公司) ("**CITIC Trust**"). From July 2013 to June 2015, he served as the business director of CITIC Trust. From June 2015 to November 2021, he served as the deputy general manager of CITIC Trust. From November 2021 to June 2025, he served as the deputy general manager and secretary to the board of directors of CITIC Trust. From June 2025 to August 2025, he served as the general manager and secretary to the board of directors of CITIC Trust. Since August 2025, he has served as a director, general manager and secretary to the board of directors of CITIC Trust. Mr. Tu currently holds various concurrent positions, including a non-executive director of China Hongqiao Group Limited (中國宏橋集團有限公司), the chairman of the board of CITIC-Prudential Fund Management Company Ltd. (中信保誠基金管理有限公司) and Shanghai CPE Asset Management Co., Ltd. (上海信誠致遠資產管理有限公司), a director of CTI Capital Management Limited (中信信惠國際資本有限公司), China Trust Registration Co., Ltd. (中國信託登記有限責任公司) and China Trust Protection Fund Co., Ltd. (中國信託業保障基金有限責任公司), the vice chairman of China Trustee Association (中國信託業協會) and a member of the second council of CITIC Foundation for Reform and Development Studies (中信改革發展研究基金會). Mr. Tu obtained the fund qualification from Asset Management Association of China (中國證券投資基金業協會) in 2002 and obtained the qualification of Certified Public Accountant in China in 2005. Mr. Tu has been a non-executive Director of the Company since September 2025.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fong Chung, Mark

Mr. Fong Chung, Mark, aged 74, 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 68, 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 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, aged 65, a practising barrister in Hong Kong, 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 is currently an independent non-executive director of Agricultural Bank of China Limited (listed on the Stock Exchange and the Shanghai Stock Exchange). Ms. Wong has been an independent non-executive Director of the Company since March 2018.

Mr. Ye, James Zheng

Mr. Ye, James Zheng, aged 61, is an independent non-executive Director of the Company. Mr. Ye obtained a bachelor's degree in accounting and finance in May 1993, and a master's degree in business administration in December 1994, both from California State University, Long Beach. Mr. Ye became a member of the Hong Kong Institute of Certified Public Accountants in May 2003. He worked in Shanghai Municipal Finance Bureau from October 1982 to January 1989. He served as an auditor in Ernst & Young from October 1995 to April 2000; an audit manager in KPMG from May 2000 to December 2001; a senior audit manager in Grant Thornton from January 2002 to July 2005; a director in Ernst & Young from August 2005 to October 2006; and a practicing director of Mazars CPA Limited from November 2006 to April 2021. Mr. Ye has been a director of Ace Sustainability & Risk Advisors Limited since April 2021, and is currently an independent non-executive director of Sinopec Engineering and Hainan Meilan International Airport Company Limited, all of which are companies listed on the Stock Exchange, and an independent director of COSCO SHIPPING Specialized Carriers Co., Ltd., a company listed on the Shanghai Stock Exchange. Mr. Ye was a consulting expert for the third session of the committee for enterprise internal control standards appointed by the Ministry of Finance of the People's Republic of China from 1 November 2014 to 31 October 2016. Mr. Ye has been an independent non-executive Director of the Company since September 2025.

SENIOR MANAGEMENT

Mr. Xiao Yong

Mr. Xiao Yong, aged 53, the Deputy General Manager of the Company. Mr. Xiao graduated from Chengdu Institute of Technology with a bachelor's degree majoring in oil reservoir engineering in July 1996, and graduated from Renmin University of China with a master's degree majoring in business administration in July 2007, 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 2024, 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 2024, 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. Yu Meng

Mr. Yu Meng, aged 46, is the Deputy General Manager of the Company. Mr. Yu graduated from Beijing University of Technology with a bachelor's degree in materials science and engineering in July 2002 and graduated from the University of Plymouth in the United Kingdom with a master's degree in international logistics in 2006, holds a master of science degree and is an assistant economist. Mr. Yu worked in the Transportation and Execution Department of China International United Petroleum & Chemical Co., Ltd. from December 2006 to January 2016. He served as a deputy division-level investigator at UNIPEC Asia Company Limited (聯合石化亞洲有限公司) from January 2016 to June 2018. He served as the deputy general manager of Unipec Americas Limited from June 2018 to May 2025. Since August 2025, Mr. Yu has been the Deputy General Manager of the Company.

Mr. Wang Haifeng

Mr. Wang Haifeng, aged 44, the Deputy General Manager and the Chief Financial Officer of the Company, graduated from the Central University of Finance and Economics with a bachelor's degree in accounting in June 2003 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. Shen Xiaolei

Mr. Shen Xiaolei, aged 39, is the Deputy General Manager and Secretary to the Board of the Company. Mr. Shen graduated from Hohai University majoring in mechatronic engineering with a bachelor's degree in engineering in June 2009, and is an intermediate engineer. He joined Sinopec Group in July 2009 and has held positions in various companies within Sinopec Group for over 15 years. From July 2009 to April 2011, Mr. Shen held positions in Sinopec Jiangsu Changzhou Petroleum Branch Company. From April 2011 to February 2016, he held positions in the Safety Storage and Transportation Department of Sinopec Fuel Oil Jiangsu Branch Company. From February 2016 to February 2018, he held positions in the Development Department and the General Management Department of China International United Petroleum & Chemicals Co., Ltd. respectively. From February 2018 to October 2018, he held positions in Sinopec (Shanghai) Energy Trading Co., Ltd. From October 2018 to November 2025, he served as the compliance officer and the general manager of the Corporate Management Department (Domestic Storage Department) and the Comprehensive Administration Department of the Company, etc. Mr. Shen has been the Deputy General Manager and Secretary to the Board of the Company since November 2025.

PARTICULARS OF CHANGES IN DIRECTORS SUBSEQUENT TO THE DATE OF 2024 ANNUAL REPORT

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

Mr. Tu Yikai was appointed as the non-executive Director of the Company on 29 September 2025.

Mr. Ye, James Zheng was appointed as the independent non-executive Director of the Company and served as a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company on 29 September 2025.

Ms. Tam Wai Chu, Maria has resigned as an independent non-executive Director of the Company on 29 September 2025 in order to devote more time to her personal affairs, she also ceased to be the chairperson of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee of the Company. Ms. Tam Wai Chu has confirmed that she has no disagreement with the Board and that she is not aware of any matters relating to her resignation that need to be brought to the attention of the shareholders of the Company.

Dr. Wong Yau Kar, David has resigned as the chairman of the Nomination Committee of the Company and was appointed as the chairman of the Remuneration Committee of the Company on 29 September 2025.

Ms. Wong Pui Sze, Priscilla, has been appointed as the chairperson of the Nomination Committee of the Company on 29 September 2025. She was appointed as an independent non-executive director of Agricultural Bank of China Limited (listed on the Stock Exchange and the Shanghai Stock Exchange) on 28 October 2025.

The Company established the ESG Committee on 16 March 2026. The ESG Committee of the Company consists of six members, of which Mr. Zhong Fuliang serves as the chairman of the ESG Committee, and Mr. Fong Chung, Mark, Dr. Wong Yau Kar, David, Ms. Wong Pui Sze, Priscilla, Mr. Ye, James Zheng and Mr. Sang Jinghua serve as members of the ESG Committee.

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 2025, 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.

Rule F.1.3 of the Code Provision

On 26 June 2025, the Company convened the annual general meeting and due to other work arrangements, Mr. Zhong Fuliang, the Chairman of the Board, was unable to attend, presided over and convened this annual general meeting as required under Rule F.1.3 of the Corporate Governance Code. In accordance with Bye-law 63 of the Bye-laws of the Company and following the election by the directors attending the meeting, the annual general meeting was chaired by Mr. Sang Jinghua, an executive Director and the general manager, and presided over the meeting. For details of the attendance of Directors at general meetings during the Year, please refer to the two sections headed "The Board of Directors" – "Board Procedures" and "Shareholders and Investors Information" – "General Meetings" in this report.

VISION OF CORPORATE DEVELOPMENT AND CORPORATE CULTURE

The Board of the Company has set the long-term development positioning 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 2025, the upgrade and transformation project relating to Mabianzhou jetty facilities of Huade Petrochemical, a wholly-owned subsidiary of the Company, has been put into use according to the schedule, officially launching the naphtha unloading business of Huade Petrochemical. Moreover, in 2025, 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.

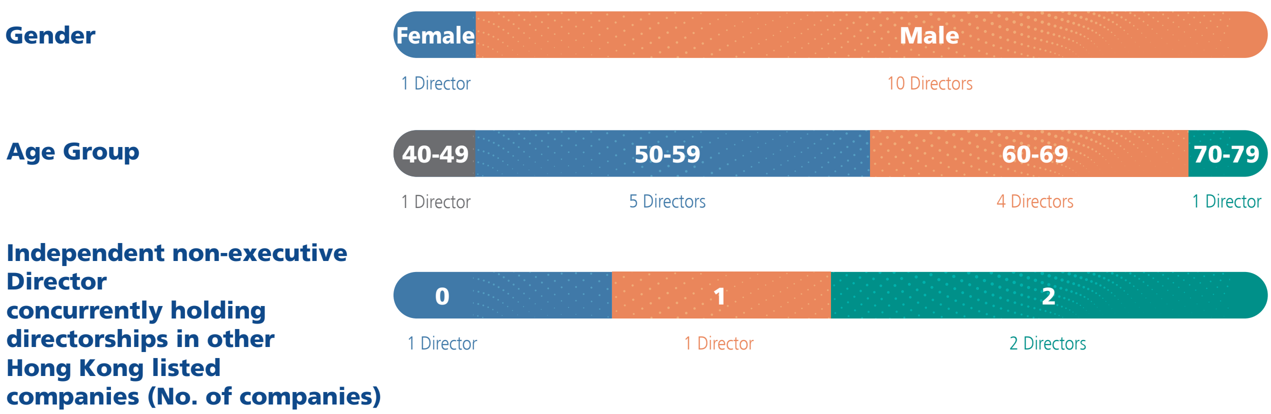
The Company fully understands that corporate development is closely related to the future of human society, and attaches great importance to environmental protection and corporate social responsibility, and organically integrates the concept of sustainable development into the Company's corporate culture. The Company has made a commitment in five areas, namely operating legally, respecting stakeholders, developing together, valuing HSE and improving continuously for continuing the development of the Group's businesses. The Company has established its ESG committee under the Board, to assist the Board in formulating and reviewing the environmental, social and corporate governance policies and practices applicable to the Company, and has set up a dedicated Environmental, Social and Governance Working Group (the "**ESG Working Group**") within the Group. For an annual summary of work of the ESG Working Group, please refer to the Environmental, Social and Governance Report of the Group.

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" has been set up by the Company clearly stipulates the powers and authorizations of the Board and the senior management.

As at 31 December 2025 and up to the date of this report, the Board comprised six executive Directors, one non-executive Director 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, finance and accounting, and ESG topics 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, financial auditor and ESG auditor, at the Company's expense, to perform their duties.



Professional Backgrounds and Experience of Directors

The Board recognises the importance of having a diverse range of skills and expertise among the Directors that align with our strategy, governance, and business needs, which enable the Board to effectively discharge its duties and responsibilities in pursuing the Group's strategic objectives and achieving sustainable growth of the Group.

To ensure the Board continues to possess necessary and relevant skills, an analysis of the skills matrix is considered by the Nomination Committee in the year. The table below sets out the skills matrix of our Directors.

	Enterprise Management	Knowledge and Experience in the Petroleum Industry	Financial Reporting/ Accounting	Law/Regulation	Strategic Planning and Risks Management	Sustainability	Capital Market Knowledge
Mr. Zhong Fuliang	•	•	•	•	•	•	•
Mr. Yang Yanfei	•	•	•	•	•	•	•
Mr. Ren Jiajun	•	•	•	•	•	•	•
Mr. Zou Wenzhi	•	•	•	•	•	•	•
Mr. Mo Zhenglin	•	•	•	•	•	•	•
Mr. Sang Jinghua	•	•	•	•	•	•	•
Mr. Tu Yikai	•	•	•	•	•	•	•
Mr. Fong Chung, Mark	•	•	•	•	•	•	•
Dr. Wong Yau Kar, David	•	•	•	•	•	•	•
Ms. Wong Pui Sze, Priscilla	•	•	•	•	•	•	•
Mr. Ye, James Zheng	•	•	•	•	•	•	•

Several Directors have knowledge and experience in corporate management and the petroleum industry to assist the Board in the formulation of the long-term strategy of the Group and fostering corporate culture. At the same time, many Directors have professional knowledge and skills, such as financial accounting, legal compliance, risk management, etc., which are conducive to daily compliance operations of the Group. Two new Directors were appointed in this year, further strengthening the skills matrix of the Board, including Mr. Ye, James Zheng, the independent non-executive Director, who can leverage his expertise in the field of sustainability to help the Board better address sustainability and climate-related issues. The other newly appointed non-executive Director, Mr. Tu Yikai, leverages his professional advantages in the financial field and the capital market to help the Board make scientific decisions and improve the corporate governance level. The names of the Directors who held office during 2025 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. At the annual general meeting held on 26 June 2025, Mr. Zhong Fuliang, Mr. Yang Yanfei, Mr. Zou Wenzhi and Mr. Fong Chung, Mark offered themselves for re-elected successfully.

List of Directors

	Term of office (until 2025 annual general meeting)[1] (Approximate Term)	Date of the First Appointment	**Term of Appointment (Year)** Term of Appointment	Current Term of Appointment
EXECUTIVE DIRECTORS				
Mr. Zhong Fuliang (Chairman of the Board)	6	25 March 2020	Automatically renewed annually	1
Mr. Yang Yanfei	6	25 March 2020	Automatically renewed annually	1
Mr. Ren Jiajun	5	19 January 2021	Automatically renewed annually	1
Mr. Zou Wenzhi	6	25 March 2020	Automatically renewed annually	1
Mr. Mo Zhenglin	6	25 March 2020	Automatically renewed annually	1
Mr. Sang Jinghua (General Manager)	5	19 January 2021	Automatically renewed annually	1
NON-EXECUTIVE DIRECTOR				
Mr. Tu Yikai[2]	<1	29 September 2025	Three years	<1
INDEPENDENT NON-EXECUTIVE DIRECTORS				
Mr. Fong Chung, Mark	21	1 September 2004	Three years	1
Dr. Wong Yau Kar, David	12	31 March 2014	Three years	3
Ms. Wong Pui Sze, Priscilla	8	22 March 2018	Three years	2
Mr. Ye, James Zheng[3]	<1	29 September 2025	Three years	<1

Notes:
1. The 2025 annual general meeting will be held on 3 June 2026
2. Mr. Tu Yikai was appointed as a non-executive Director on 29 September 2025
3. Mr. Ye, James Zheng was appointed as an independent non-executive Director on 29 September 2025

Roles and Responsibilities

Good governance emanates from an effective and accountable Board. The Board of the Company, 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 of the Group 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 of the Company has established an Audit Committee, a Remuneration committee, a Nomination committee and an ESG 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	ESG Committee
Mr. Fong Chung, Mark (Chairperson)	Ms. Wong Pui Sze, Priscilla (Chairperson)	Dr. Wong Yau Kar, David (Chairperson)	Mr. Zhong Fuliang (Chairperson)
Dr. Wong Yau Kar, David	Mr. Zhong Fuliang	Mr. Zhong Fuliang	Mr. Fong Chung, Mark
Ms. Wong Pui Sze, Priscilla	Mr. Fong Chung, Mark	Mr. Fong Chung, Mark	Dr. Wong Yau Kar, David
Mr. Ye, James Zheng	Dr. Wong Yau Kar, David	Ms. Wong Pui Sze, Priscilla	Ms. Wong Pui Sze, Priscilla
	Mr. Ye, James Zheng	Mr. Ye, James Zheng	Mr. Ye, James Zheng
	Mr. Sang Jinghua	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, the secretary to the Board and the Company Secretary, 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 all 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 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 a 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 emolument 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 a general meeting for approval;

(17) determining other material matters and administrative matters other than those required to be determined by a 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 opinions and recommendations 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. Among them, on 29 September 2025, Mr. Tu Yikai was appointed as a non-executive Director, and Mr. Ye, James Zheng was appointed as an independent non-executive Director. They have obtained legal advice pursuant to Rule 3.09D of the Listing Rules on 29 September 2025 and have confirmed that they understand their responsibilities as the Directors and the possible consequences of making a false statement or providing false information to the Stock Exchange.

The record of Directors' participation in trainings is as follows:

	Types of Training	Hours of Training
Executive Directors		
Mr. Zhong Fuliang (Chairman)	A, B	60
Mr. Yang Yanfei	A, B	60
Mr. Ren Jiajun	A, B	30
Mr. Zou Wenzhi	A, B	35
Mr. Mo Zhenglin	A, B	20
Mr. Sang Jinghua (General Manager)	A, B	60
Non-executive Director		
Mr. Tu Yikai (Appointed on 29 September 2025)	A, B	32
Independent Non-executive Directors		
Mr. Fong Chung, Mark	A, B	20
Dr. Wong Yau Kar, David	A, B	33
Ms. Wong Pui Sze, Priscilla	A, B	46
Mr. Ye, James Zheng (Appointed on 29 September 2025)	A, B	30
Ms. Tam Wai Chu, Maria (Resigned on 29 September 2025)	A, B	30

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 and its committees' meetings are kept by the company secretary and are open for inspection at any reasonable time on reasonable notice by any Director. Draft 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 company secretary or in-house legal team or standing legal adviser 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	Independent Board Committee	General Meeting	
	Physical Meetings	Written Resolutions	Physical Meetings	Physical Meetings	Physical Meetings	Physical Meetings	Annual General Meeting	Special General Meeting
Annual total number of meetings/resolutions	**8**	**1**	**2**	**3**	**2**	**1**	**1**	**1**
Mr. Zhong Fuliang	8/8	1/1		3/3	2/2		0/1	0/1
Mr. Yang Yanfei	6/8	1/1					1/1	1/1
Mr. Ren Jiajun	8/8	1/1					0/1	1/1
Mr. Zou Wenzhi	8/8	1/1					0/1	1/1
Mr. Mo Zhenglin	8/8	1/1					1/1	1/1
Mr. Sang Jinghua	8/8	1/1		3/3	2/2		1/1	1/1
Mr. Tu Yikai (Appointed on 29 September 2025)	4/4	1/1						1/1
Mr. Fong Chung, Mark	8/8	1/1	2/2	3/3	2/2	1/1	1/1	1/1
Dr. Wong Yau Kar, David	8/8	1/1	2/2	3/3	2/2	1/1	1/1	1/1
Ms. Wong Pui Sze, Priscilla	8/8	1/1	2/2	3/3	2/2	1/1	1/1	1/1
Mr. Ye, James Zheng (Appointed on 29 September 2025)	4/4	1/1		1/1	1/1	1/1		1/1
Ms. Tam Wai Chu, Maria (Resigned on 29 September 2025)	4/4		2/2	2/2	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 the date of this report.

Company Secretary

All Directors can have the advice and services provided by the company secretary. The company secretary reports 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.

During the Year, due to a change of work arrangement, Mr. Wang Xiaoming, the original joint company secretary, has resigned as the joint company secretary of the Company since 27 November 2025. Ms. Huang He, the other joint company secretary, will remain in office as the company secretary of the Company. Ms. Huang have attended more than 15 hours of professional training related to compliance and regulation of listed companies in 2025.

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 2025.

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 2025. 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 78 to 84 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)
Dr. Wong Yau Kar, David
Ms. Wong Pui Sze, Priscilla
Mr. Ye, James Zheng

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.

Review of Continuing Connected Transactions

During the Year, the independent non-executive Directors have reviewed the continuing connected transactions of the Group and confirmed that the transactions were:

1. entered into in the ordinary course of business of the Group;
2. on normal commercial terms or on better terms; and
3. in accordance with the agreements governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

In order to maintain business continuity and in accordance with the actual needs of the business development of the Group, on 29 September 2025, the Group renewed and entered into the framework agreements which constituted continuing connected transactions in relation to existing continuing connected transactions for a period of three financial years ending 31 December 2028. In accordance with the requirements of the Listing Rules, the Board appoints all independent non-executive Directors (i.e. all members of the Audit Committee) to form an independent board committee and appoint an independent financial adviser to consider the relevant transaction and advise the independent shareholders of the Company on transactions requiring the approval of the general meeting. For details of the relevant transactions, please refer to the section headed "Connected Transactions" in this annual report.

On 12 February 2026, the Group announced that the financial results of Caofeidian Shihua were consolidated into the consolidated financial statements of the Group, and therefore, as at 12 February 2026, the Group entered into the framework agreements which constituted continuing connected transactions in relation to the continuing connected transactions for a period of three financial years ending 31 December 2028. In accordance with the requirements of the Listing Rules, the Board appointed all independent non-executive Directors (i.e. all members of the Audit Committee) to form an independent board committee and appointed an independent financial adviser to consider the relevant transaction and advised the independent shareholders of the Company on transactions requiring the approval of the general meeting. For details of the relevant transactions, please refer to the section headed "Connected Transactions" in this annual report.

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 26 June 2025 as usual to respond to questions from shareholders of the Company.

Analysis of Remuneration for External Auditor

For the year ended 31 December 2025, the following fees were paid/payable by the Group to KPMG, the auditor, and its network members:

Unit: HK$ million

	2025	2024
Audit services	5.38	5.29
—The Company	2.00	2.00
—Subsidiaries	3.38	3.29
Non-audit services	–	–
Total	5.38	5.29

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

Responsibility

Responsibilities for risk management are shared by the Board, the Audit Committee, and the senior management of the Group, and the comprehensive risk management framework has been adopted in a top-down approach.

The Audit Committee, authorised by the Board, oversees the Group's risk tolerance level and monitors the design and operational effectiveness of the related risk management and internal control systems. It 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 confirmed its responsibilities for the risk management and internal control systems of the Company and review 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.

Risk Management

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 Group identify potential risks and systematically assess the key risks identified in accordance with the following risk management process:

Regular Risk Assessment Process

Risk Assessment

- Review and highlight key risks across different dimensions at the business unit level
- Analyse risks through detailed consideration of likelihood, impact and velocity, using established risk criteria

Risk Treatment

- Decide how to treat risks, based on the approaches of "Terminate, Transfer, Treat and Tolerate" (or a combination thereof, where applicable)

Residual Risk and Risk Tolerance Level

- Collate the residual risk status (after risk treatment) with the risk tolerance level for each key risk
- Determine any further actions needed to be taken to mitigate any risk gap

Risk Reporting

- Translate risk registers into a risk radar analysis
- Summarise and reflect the prioritised key risks of the Group

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 the 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.

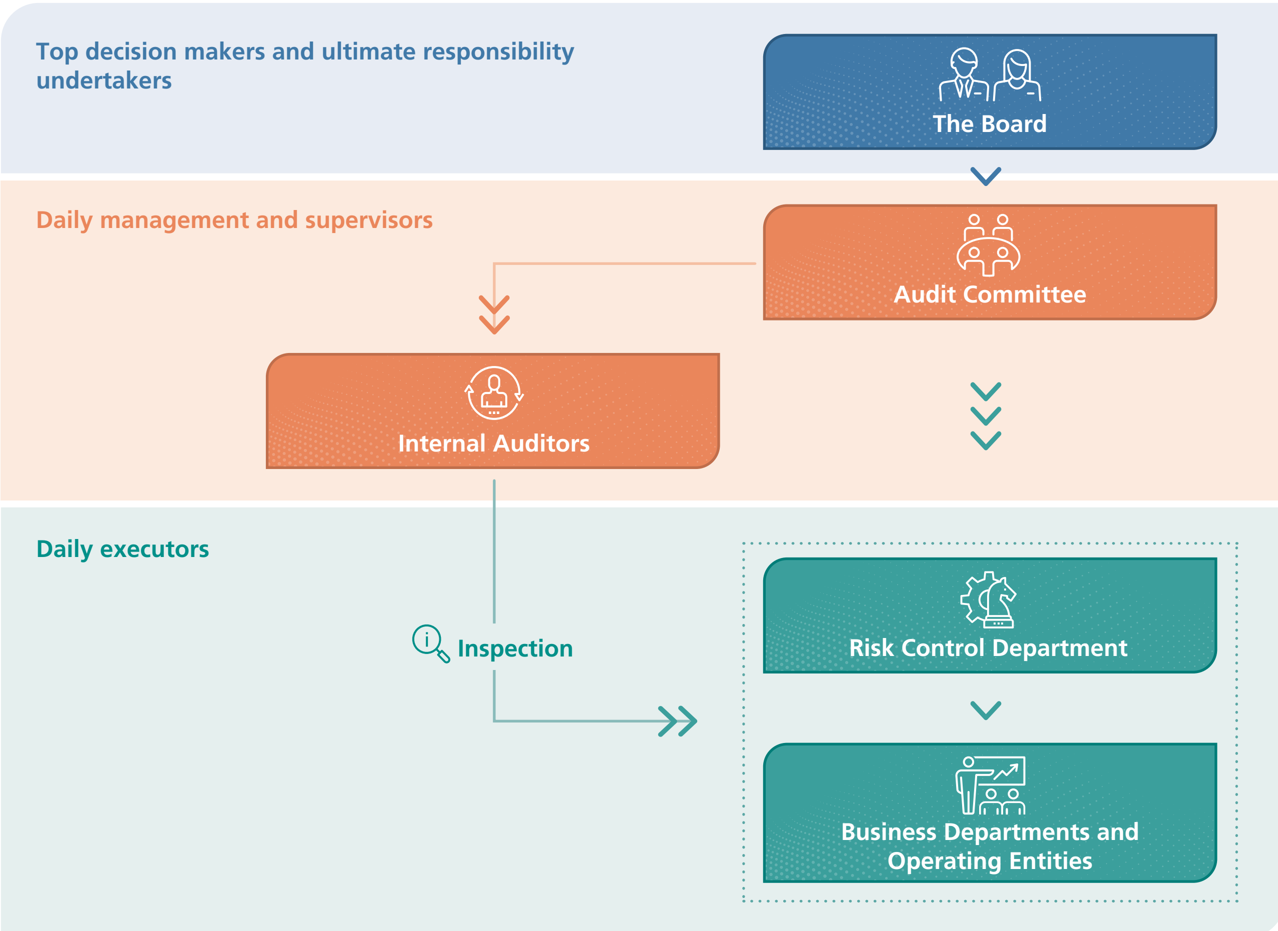
The risk management and internal control report is prepared by Risk Control Department on an annual basis and submitted to the Audit Committee for further reviewing after being reviewed by the senior management of the Company. The principal risks faced by the Group (for details of the risks arising from climate, please refer to the Company's 2025 Environmental, Social and Governance Report to be published separately) are as follows:

Principal risks	Description	Key response measures
Geopolitical risks	The recent escalation of the Middle East situation and Iran's potential blockade of the Strait of Hormuz, a key channel for global oil transportation, have directly affected the global oil market pattern. The current geopolitical situation and subsequent uncertainties would exacerbate oil price fluctuations, affect the stability of the global crude oil supply chain, and pose significant risks to the safety of the Company's storage tank facilities as well as the personnel and property of FOT in the Middle East. If the situation continues to escalate, it will place significant pressure on the business and production operations of the Company.	FOT of the Group has formulated emergency plans for public safety incidents, established risk precaution and emergency mechanisms, and fully implemented on-site protective measures on tank farms, personnel and materials. The Group has mitigated risks through insurance, has taken out political violence insurance for tank farms, covering compensation for property loss and business interruption in a single incident, and has transferred liabilities for cargo-related risks through provisions under the tank lease contract. In addition, we will closely monitor the security and political situation in relevant regions, continuously track and evaluate external risks that may affect the Group's operations through regular risk assessment and monitoring mechanisms, and take effective measures to manage and mitigate related risks.
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 crude oil 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 (the "**HSE**"). It has also coordinated with the ESG Working Group 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.
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.

Internal Audit

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 Articles of Association 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 "Measures for Market Value Management of the Company", "Regulations on Information Disclosure Management for the Company", "Rules on Insiders Management", "Securities Trading Guidelines of Sinopec Kantons" 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 the safety management, the "HSE Management System Manual (2025)", "Regulations on Management of Production Safety Accidents", "Abnormal Management Measures on Production Safety", "Management Rules for HSE Education and Training", "Regulations on Dual Prevention Management for Production Safety Risk Classification Control and Hidden Danger Investigation and Rectification" and other documents were revised and implemented.

For the emergency management, the "Emergency Management Regulations", "General Response Plan for Emergencies", "Special Response Plan for Production Safety Accidents", "Special Response Plan for Environmental Emergencies" and "Special Response Plan for Natural Disasters" were formulated, the shareholders safety supervision was solidly carried out, and the inherent safety of operating entities was continuously improved.

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 Group has established the "Securities Trading Guidelines of Sinopec Kantons Holdings Limited", requiring employees of the Company and major officers of subsidiaries who possess inside information to submit a written application prior to trading in the Company's securities, and to obtain approval before proceeding with such transactions. The main 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 company secretary 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 2025, the Board, with confirmation from the Head of Risk Control, the Head of Internal Audit and the Company Secretary, considered the Group's risk management and internal control systems to be effective and adequate. No significant areas of concern that may affect the financial, operational and compliance controls, ESG compliance, internal audit, risk management and internal control functions of the Group were identified. The Group's risk management and internal control systems are designed to manage, rather than to eliminate, the risks of failure to achieve its business objectives and can only provide reasonable, not absolute, assurance against material misstatement or loss.

The risk management and internal control functions of the Group are exclusively executed by the Risk Control Department, while the Finance Department is solely responsible for the accounting and financial reporting functions. The two departments have a total of more than 10 professionals, and the team members have professional qualifications such as legal compliance, accounting and finance and ESG, and have accumulated extensive experience. The Company has formulated a complete employee training management system, and regularly organizes various special training every year. At the same time, the Company will invite regulatory agencies such as the Independent Commission Against Corruption (ICAC) and external professional resources such as external legal advisers to provide targeted compliance training for employees based on actual work needs. The Board considers that the Company has sufficient resources, staff qualifications and experience in legal compliance, risk management and internal control, accounting and financial, and ESG functions, and that the training programmes undertaken by staff and the relevant budgets are also sufficient. In addition, the Group also proactively accepts irregular internal audits and supervisory inspections carried out by controlling shareholder through various methods such as shareholder audits, compliance inspections, and internal audits to ensure the legal compliance of the Group's operations.

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, assisting the Board in maintaining a board skills matrix 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. The Company did not conduct a formal Board performance appraisal during the Year, and it is expected to commence in the next year.

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):

Ms. Wong Pui Sze, Priscilla (Chairperson)
Mr. Zhong Fuliang
Mr. Fong Chung, Mark
Dr. Wong Yau Kar, David
Mr. Ye, James Zheng
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 three physical meeting, 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 number, 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 skills, training and continuous professional development of Directors;

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

7. Nominated and recommended the appointment of new directors to the Board; and

8. Proposed new composition of committee members to the Board.

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 11 Directors, one of which are female Directors. 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 2025, all members of the management team of the Group are male, and the proportion of female employees (excluding the management) is 19.81%. 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 2025 Environmental, Social and Governance Report published separately by the Group. In order to achieve gender diversity among employees, the Group has formulated an Employees Diversity Policy to undertake to recruit employees without considering the age, gender, gender identity, sexual orientation, marital status, pregnancy, family status, disability, race, colour, ancestry, national or ethnic origin, nationality, religious belief and other legally protected identity characteristics, and to select the best candidates based on objective factors such as their skills and qualifications in fair and open competition.

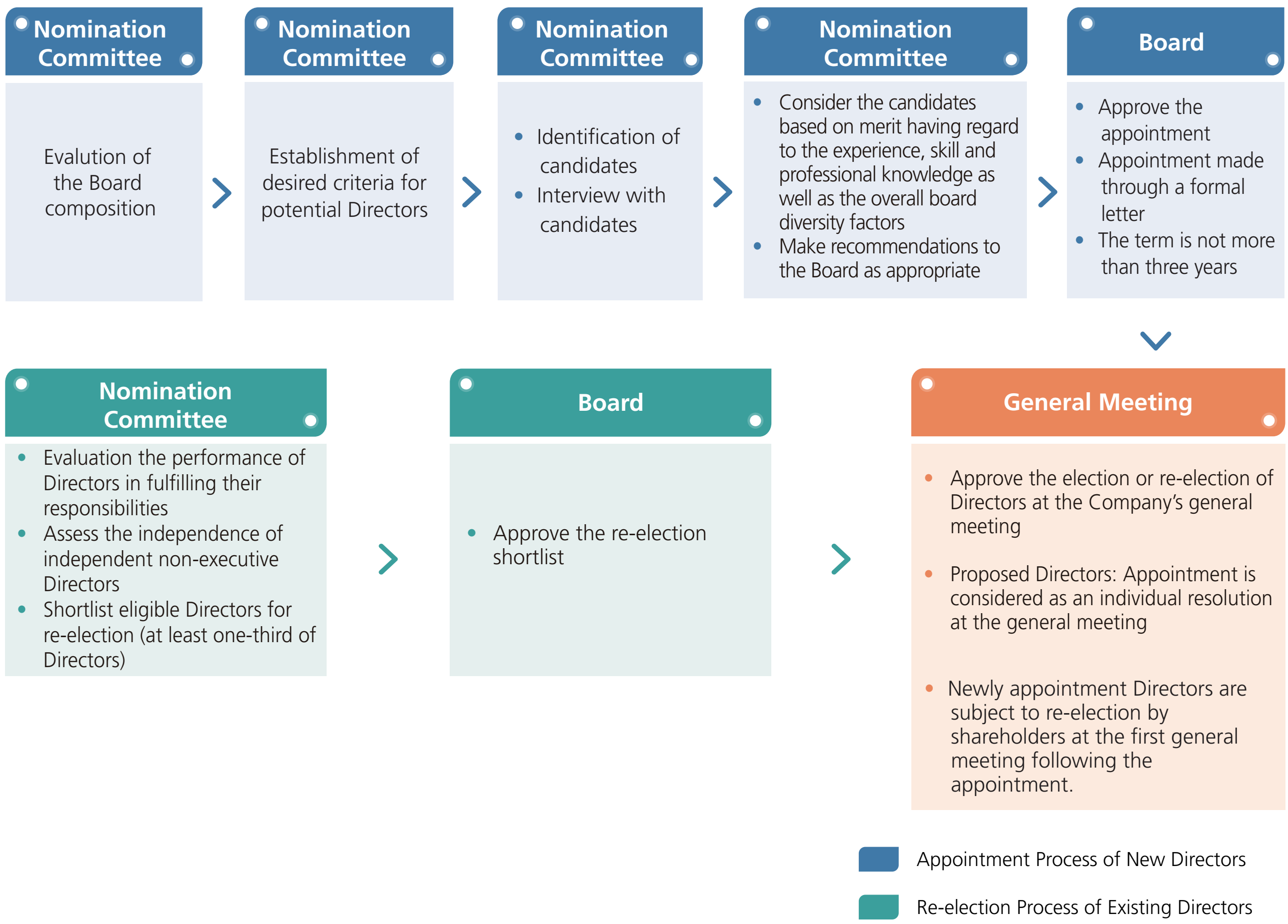
In the future, the Company will uphold the concept of diversity and equal opportunity in the recruitment of employees to ensure that the number of employees of different genders meets the development needs of the Company as far as possible.

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 Board Diversity Policy, 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, with reference to the candidates' personality, character, independence, experience, expected time commitment and contribution, etc., to determine 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).

On 29 September 2025, the Nomination Committee successfully recommended Mr. Tu Yikai and Mr. Ye, James Zheng to the Board through the aforementioned mechanism.



Upon appointment, new Directors will be provided with comprehensive, formal and tailor-made induction, orientation and training by the company secretary 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. Zhong Fuliang, being an executive Director, Mr. Yang Yanfei, being an executive Director, Mr. Zou Wenzhi, being an executive Director, and Mr. Fong Chung, Mark, 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 an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all of the independent non-executive Directors continued to demonstrate strong independence in judgment 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 were independent. All independent non-executive Directors are financially independent from the Group.

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):

Dr. Wong Yau Kar, David (Chairperson)
Mr. Zhong Fuliang
Mr. Fong Chung, Mark
Ms. Wong Pui Sze, Priscilla
Mr. Ye, James Zheng
Mr. Sang Jinghua

During the Year, the Remuneration Committee convened two physical meeting, 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. Assessing the performance of Directors and senior management, and reviewing and determining the policy for the remuneration of Directors (including new Directors) and senior management;

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. Reviewing 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.

Mr. Tu Yikai, a non-executive Director of the Company, has entered into a letter of appointment with the Company, pursuant to which the Company is not required to pay any remuneration to Mr. Tu for his role as a non-executive Director.

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 2025 by remuneration band is set out below:

Remuneration bands	Number of individuals
Below HK$1,000,000	2
HK$1,000,000 – HK$2,500,000	0
HK$2,500,001 – HK$3,000,000	1
HK$3,000,001 – HK$3,500,000	1

ESG COMMITTEE

Powers and Duties

The ESG Committee was established in 16 March 2026 and was authorized by the Board to assist the Board in formulating and reviewing the environmental, social and corporate governance policies and practices applicable to the Company. The terms of reference of the ESG Committee are set out on the websites of the Company and the Stock Exchange.

Composition of the Committee

Composition of the ESG Committee (with four independent non-executive Directors and two executive Directors and is chaired by the Chairman of the Board):

Mr. Zhong Fuliang (Chairperson)
Mr. Fong Chung, Mark
Dr. Wong Yau Kar, David
Ms. Wong Pui Sze, Priscilla
Mr. Ye, James Zheng
Mr. Sang Jinghua

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 2025, 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 Board Secretary of the Company at 34/F, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong, attn: Mr. Shen Xiaolei, Board 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 Relations" 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 a Director of the Company** 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 meeting 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.

Investors 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.

Methods of engaging and liaising with shareholders include:

Channel	Annual Highlights
General Meeting	• Shareholders may attend in person and pose questions directly to the Board and senior management • High voting approval rate on resolutions considered
Interim/annual results conference (Chaired by the Chairman of the Board, the General Manager, the CFO and Board Secretary, with attendance by members of the investment community)	• Presentation of the Company's interim and full-year results • Amendment of the Dividend Policy to increase the payout ratio to 30% • Release of the Shareholders' Dividend Return Plan for the Next Three Years (2025–2027) (For details, please refer to the section headed "Dividend Policy" below) • Participation in by institutional investors, analysts, and media
Investor conferences (Chaired by the General Manager, the CFO, the Board Secretary and the investor relations team)	• Non-deal roadshows with investors from Hong Kong, Chinese Mainland (Shanghai, Beijing, Shenzhen), Singapore and the United Kingdom • Participating in over 80 meetings
Analyst briefings (Chaired by the investor relations team)	• A number of analyst meetings were held and a "Joint Investor Conference on Market Value Enhancement of Listed Companies" was held
Site visit activities (Chaired by the investor relations team)	• Institutional investors visited the terminal business operations of subsidiaries under the Group
Reports and announcements	• Annual reports and interim reports • Presentation materials are posted on the Company's website • Other announcements shall be published simultaneously on the websites of the Stock Exchange and the Company in due course

To facilitate effective investor relations, shareholding analysis has been conducted under Section 329 of the SFO to update the senior management of any changes in the shareholding structure of the Company from time to time.

The investor relations team will provide detailed responses based on questions from institutional investors, analysts, media, shareholders, etc., including but not limited to on-the-spot responses, post-meeting supplements, etc., and report key issues 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 2025, 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.

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

Issued Shares of the Company

As at 31 December 2025 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 2025, there were 738 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 286 million shares or 11.49% of the total issued shares of the Company as at 31 December 2025.

In addition, as at 31 December 2025, 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.

As at 31 December 2025, the shareholder structure was as follows:

Size of registered shareholders	Number of shareholders	% of shareholders	Number of shares	% of issued share capital
2,000 or below	719	97.29%	79,376	0.0032%
2,001-20,000	11	1.49%	118,930	0.0048%
20,001 or above	9	1.22%	2,485,961,694	99.9920%
Total	**739[1]**	**100%**	**2,486,160,000[2]**	**100%**

Notes:

1. Actual number of investors is much greater as many shares are held through intermediaries including Central Clearing and Settlement System of Hong Kong (CCASS).
2. 39.64% of all the issued shares were held through the CCASS.
3. The Company has maintained the public float of 25% as required under the Listing Rules throughout the Year and up to the date of this report.

In addition, as at 31 December 2025, based on the public information available and to the best knowledge of the Directors of the Company, the shareholder structure was 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 30% 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.

Shareholders' Dividend Return Plan for the Next Three Years (2025–2027)

On 21 August 2025, the Board of the Company announced the "Shareholders' Dividend Return Plan for the Next Three Years (2025 – 2027)", the principal contents of which are as follows: subject to the conditions that the Company records a positive net profit for the year, has positive accumulated undistributed profit, and maintains sufficient cash flow to support its normal operations and sustainable development, the total annual cash dividend (including interim and final cash dividends) for each of the next three years (2025–2027) shall not be less than that of its preceding year.

In the event of force majeure, such as natural disasters and others, changes in the external environment that have a significant impact on the Company's production and operation, significant changes in the Company's operating or financial conditions, or when the Board deems it necessary, the Company may make adjustments to the dividend return plan.

General Meetings

The general meeting(s) 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 2025, the Company convened one annual general meeting and one special general meeting strictly in accordance with the relevant notices, convening and holding requirements under laws, regulations and the Bye-laws.

Annual General Meeting

The 2024 annual general meeting was convened on 26 June 2025. On the date of the annual general meeting, all other directors of the Company attended the annual general meeting in person or through electronic communications, except for Mr. Zhong Fuliang, Mr. Ren Jiajun and Mr. Zou Wenzhi who were unable to attend due to other work commitments. 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 26 June 2025.

Special General Meeting

The special general meeting was convened on 27 November 2025. On the date of the special general meeting, all other directors of the Company attended the special general meeting in person or through electronic communications, except for Mr. Zhong Fuliang who was unable to attend due to other work commitments. For details of the special 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 27 November 2025.

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

Changes in Constitutional Documents

For the year ended 31 December 2025, 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
16 March 2026	Announcement of 2025 annual results
3 June 2026 10:30 a.m.	Annual general meeting
On or about 26 June 2026	Date of dividend payment
Before 31 August 2026	Announcement of 2026 interim results

KPMG

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 85 to 160, which comprise the consolidated statement of financial position as at 31 December 2025, 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 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") as 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**"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with 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 2025, the carrying amount of investments in joint ventures and associates amounted to approximately HK$6,818 million and HK$902 million respectively, in aggregate representing approximately 46% 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 2025 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.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
SINOPEC KANTONS HOLDINGS LIMITED
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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 as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

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 HKFRS Accounting Standards as issued by the HKICPA and 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
SINOPEC KANTONS HOLDINGS LIMITED
(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 consolidated 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
(incorporated in Bermuda with limited liability)

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 (practising certificate number: P07789).

KPMG
Certified Public Accountants

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

16 March 2026

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2025

	Note	2025 HK$'000	2024 HK$'000
Revenue	5, 6	**658,637**	667,091
Cost of providing services	8	**(339,388)**	(343,369)
Gross profit		**319,249**	323,722
Other income and other gains, net	7	**75,348**	982
Distribution costs		**(17,736)**	(18,631)
Administrative expenses	8	**(107,023)**	(132,065)
Operating profit		**269,838**	174,008
Finance income	10	**257,368**	259,652
Finance costs	11	**(1,586)**	(1,700)
Share of results of:			
– Joint ventures	14	**527,623**	695,960
– Associates	13	**76,711**	159,072
Profit before income tax		**1,129,954**	1,286,992
Income tax expenses	15	**(101,668)**	(109,592)
Profit for the year		**1,028,286**	1,177,400
Profit attributable to:			
Equity holders of the Company		**1,028,261**	1,177,396
Non-controlling interests		**25**	4
Profit for the year		**1,028,286**	1,177,400
Basic and diluted earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share):	16	**41.36**	47.36

The notes on pages 91 to 160 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 HK$'000	2024 HK$'000
Profit for the year	**1,028,286**	1,177,400
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on currency translation		
– Subsidiaries	**41,501**	(35,854)
– Joint ventures	**186,271**	(143,244)
– Associates	**21,620**	(17,035)
	249,392	(196,133)
Cash flow hedges		
– Joint ventures	**(61,578)**	38,105
– An associate	**(3,107)**	4,642
	(64,685)	42,747
Other comprehensive income for the year, net of nil tax	**184,707**	(153,386)
Total comprehensive income for the year	**1,212,993**	1,024,014
Total comprehensive income for the year attributable to:		
Equity holders of the Company	**1,212,968**	1,024,010
Non-controlling interests	**25**	4
Total comprehensive income for the year	**1,212,993**	1,024,014

The notes on pages 91 to 160 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2025

	Note	31 December 2025 HK$'000	31 December 2024 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	18	**1,236,806**	1,307,286
Right-of-use assets	17	**53,756**	62,427
Investment properties	19	**13,625**	14,862
Intangible assets		**593**	965
Interests in joint ventures	14	**6,818,274**	6,852,681
Interests in associates	13	**902,399**	934,993
Other receivables	20	**33,524**	–
Time deposits with original maturity of more than three months	23	**3,951,658**	–
Total non-current assets		**13,010,635**	9,173,214
Current assets			
Inventories	21	**3,412**	2,887
Trade and other receivables	20	**139,478**	179,715
Time deposits with original maturity of more than three months	23	**3,282,306**	6,355,558
Cash and cash equivalents	22	**421,104**	587,573
Total current assets		**3,846,300**	7,125,733
Total assets		**16,856,935**	16,298,947
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	24	**248,616**	248,616
Reserves		**16,260,070**	15,668,642
Equity attributable to equity holders of the Company		**16,508,686**	15,917,258
Non-controlling interests		**1,972**	1,947
Total equity		**16,510,658**	15,919,205
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	29	**122,502**	136,920
Government grants		**42,414**	45,472
Lease liabilities	17	**25,058**	29,555
Total non-current liabilities		**189,974**	211,947
Current liabilities			
Trade and other payables	28	**133,469**	145,904
Income tax payable		**16,179**	14,317
Lease liabilities	17	**6,655**	7,574
Total current liabilities		**156,303**	167,795
Total liabilities		**346,277**	379,742
Total equity and liabilities		**16,856,935**	16,298,947
Net current assets		**3,689,997**	6,957,938
Total assets less current liabilities		**16,700,632**	16,131,152

The consolidated financial statements on pages 85 to 160 were approved by the board of directors on 16 March 2026 and were signed on its behalf:

Zhong Fuliang	**Sang Jinghua**
Chairman	*Executive Director*

The notes on pages 91 to 160 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Note	Attributable to equity holders of the Company									Non-Controlling Interest HK$'000	Total Equity HK$'000
		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		
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 91 to 160 form part of these financial statements.

For the year ended 31 December 2025

		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 2025		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
Comprehensive income:												
Profit for the year		–	–	–	–	–	–	–	1,028,261	1,028,261	25	1,028,286
Other comprehensive income												
Exchange differences on currency translation:												
– Subsidiaries		–	–	–	–	–	–	41,501	–	41,501	–	41,501
– Joint ventures		–	–	–	–	–	–	186,271	–	186,271	–	186,271
– Associates		–	–	–	–	–	–	21,620	–	21,620	–	21,620
Cash flow hedges:												
– Joint ventures		–	–	–	–	–	(61,578)	–	–	(61,578)	–	(61,578)
– An associate		–	–	–	–	–	(3,107)	–	–	(3,107)	–	(3,107)
Other comprehensive income for the year, net of nil tax		–	–	–	–	–	(64,685)	249,392	–	184,707	–	184,707
Total comprehensive income for the year		–	–	–	–	–	(64,685)	249,392	1,028,261	1,212,968	25	1,212,993
Transaction with owners												
Appropriation of reserves		–	–	10,431	–	–	–	–	(10,431)	–	–	–
Utilisation of specific reserve for the year		–	–	(9,549)	–	–	–	–	9,549	–	–	–
Dividends	26	–	–	–	–	–	–	–	(621,540)	(621,540)	–	(621,540)
Total transaction with owners		–	–	882	–	–	–	–	(622,422)	(621,540)	–	(621,540)
Balance at 31 December 2025		248,616	6,300,684	1,804	23,444	296,079	11,823	(481,631)	10,107,867	16,508,686	1,972	16,510,658

The notes on pages 91 to 160 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Note	**2025 HK$'000**	2024 HK$'000
Cash flows from operating activities			
Cash generated from operations	27(a)	**367,797**	280,790
Income tax paid		**(61,645)**	(90,687)
Withholding tax paid		**(54,726)**	(101,318)
Net cash generated from operating activities		**251,426**	88,785
Cash flows from investing activities			
Purchase of property, plant and equipment		**(47,797)**	(121,756)
Loans and interest repaid by joint ventures		**72,062**	80,729
Loans and interest repaid by an associate		**6,603**	6,914
Dividend received from joint ventures		**664,665**	1,130,288
Dividend received from associates		**123,139**	282,271
Bank interest income received		**250,378**	285,638
Proceeds from disposal of property, plant and equipment		**9,855**	2,326
Increase in time deposits with original maturity of more than three months		**(878,406)**	(2,367,560)
Net cash generated from/(used in) investing activities		**200,499**	(701,150)
Cash flows from financing activities			
Repayment of lease liabilities	27(b)	**(8,287)**	(8,041)
Dividends paid to owners of the Company	27(b)	**(621,540)**	(621,540)
Net cash used in financing activities		**(629,827)**	(629,581)
Net decrease in cash and cash equivalents		**(177,902)**	(1,241,946)
Cash and cash equivalents at 1 January		**587,573**	1,837,352
Effect of foreign exchange rate changes		**11,433**	(7,833)
Cash and cash equivalents at 31 December	22	**421,104**	587,573

The notes on pages 91 to 160 form part of these 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 16 March 2026.

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 HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("**HKFRS**"), 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 Accounting Standards 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 amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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 2025 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 HKFRS 9, *Financial instruments* and *HKFRS 7 Financial instruments: disclosures – Contracts referencing nature-dependent electricity*	1 January 2026
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 adoption of them is unlikely to have a significant impact on the consolidated financial statements.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Subsidiaries (Continued)

(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.

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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Subsidiaries (Continued)

(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.

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 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

2.7 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Foreign currency translation (Continued)

(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 other relevant 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 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.

	2025		2024	
	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%**	**(64,994)**	1%	(31,473)
	(1%)	**64,994**	(1%)	31,473

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:

	2025		2024	
	HK$'000	**Effective interest rate**	HK$'000	Effective interest rate
Variable-rate bearing assets				
Bank deposits	**255,032**	**0.2%**	401,593	0.2%
Fixed-rate bearing assets				
Loans to joint ventures	**884,374**	**5.6%**	906,432	5.6%
Loan to an associate	**26,020**	**6.8%**	30,699	6.8%
Bank deposits with original maturity of less than three months	**166,072**	**1.6%**	185,980	1.5%
Time deposits with original maturity of more than three months	**7,233,964**	**3.4%**	6,355,558	4.3%
	8,319,362		7,478,669	
Total exposure	**8,565,462**		7,880,262	

Sensitivity analysis

At 31 December 2025, 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$2,550,000 (2024: HK$4,016,000).

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, 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 2025, 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 5m years	Total contractual undiscounted cash flow	Carrying values
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2025						
Trade and other payables	**133,469**	**–**	**–**	**–**	**133,469**	**133,469**
Lease liabilities	**7,843**	**3,243**	**7,789**	**31,392**	**50,267**	**31,713**
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

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 2025 and 2024.

	2025	2024
Current ratio	**24.61**	42.47

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 2025. 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$32 million (EUR4 million). The VIU calculation was based on key assumptions, including (i) forecast revenue which was primarily based on committed revenue contracts; (ii) forecast revenue rate based on management's expectation and relevant market indexes; (iii) terminal grow rate of 2% (2024: 2%) made with reference to relevant market indexes and (iv) pre-tax discount rate of 9.4% (2024: 9.1%) 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$205 million (EUR22 million)
- A 100 basis points increase in the discount rate would reduce the headroom by HK$139 million (EUR15 million)

Based on the impairment assessment, no impairment loss or reversal of impairment loss is recognised during the year ended 31 December 2025.

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 2025:

For the year ended 31 December 2025

	Crude oil jetty and storage services HK$'000	Vessel chartering and logistics services HK$'000	Total HK$'000
Segment revenue	658,637	–	658,637
Inter-segment revenue	–	–	–
Revenue from external customers	658,637	–	658,637
Segment results			
– Subsidiary	276,691	–	276,691
– Joint ventures	446,447	81,176	527,623
– Associates	68,047	8,664	76,711
	791,185	89,840	881,025
Other unallocated corporate net income			248,929
Profit before income tax			1,129,954
Income tax expenses			(101,668)
Profit for the year			1,028,286

For the year ended 31 December 2025

	Crude oil jetty and storage services HK$'000	Vessel chartering and logistics services HK$'000	Total HK$'000
Other segment items			
Finance income	8,590	–	8,590
Depreciation			
– Property, plant and equipment	(129,304)	–	(129,304)
– Right-of-use assets	(7,533)	–	(7,533)
Additions to non-current segment assets	40,211	–	40,211
Loss on disposal of property, plant and equipment (Note 7)	(692)	–	(692)

5 SEGMENT REPORTING (CONTINUED)

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

(i) As at and for the year ended 31 December 2025: (Continued)

As at 31 December 2025

	Crude oil jetty and storage services HK$'000	Vessel chartering and logistics services HK$'000	Total HK$'000
Segment assets			
– Subsidiary	1,360,905	–	1,360,905
– Joint ventures	5,269,386	1,548,888	6,818,274
– Associates	819,493	82,906	902,399
	7,449,784	1,631,794	9,081,578
Unallocated assets			
– Cash and cash equivalents			421,104
– Time deposits with original maturity of more than three months			7,233,964
– Other receivables			100,015
– Investment properties			13,625
– Right-of-use assets			
• properties in Hong Kong			4,448
– Property, plant and equipment			1,608
– Intangible assets			593
			7,775,357
Total assets			16,856,935
Segment liabilities	147,118	–	147,118
Unallocated liabilities			
– Other payables			69,376
– Income tax payable			2,635
– Lease liabilities			4,646
– Deferred income tax liabilities			122,502
			199,159
Total liabilities			346,277

5 SEGMENT REPORTING (CONTINUED)

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

(ii) 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	(7,456)	–	(7,456)

5 SEGMENT REPORTING (CONTINUED)

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

(ii) 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 deposit 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)

(b) Analysis of information by geographical regions

During the years ended 31 December 2025 and 2024, 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

	2025 HK$'000	2024 HK$'000
The PRC	**5,810,040**	6,099,700
Hong Kong	**5,636,809**	1,638,380
Europe	**933,659**	793,515
United Arab Emirates	**629,686**	641,175
Other regions	**441**	444
Total non-current assets	**13,010,635**	9,173,214

Total assets

	2025 HK$'000	2024 HK$'000
The PRC	**6,221,963**	6,579,139
Hong Kong	**9,063,728**	8,279,693
Europe	**933,659**	793,515
Indonesia	**7,455**	4,981
United Arab Emirates	**629,686**	641,175
Other regions	**444**	444
Total assets	**16,856,935**	16,298,947

(c) Major customers

For the purpose of disclosure under segment reporting, the 2025 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$544,272,000 (2024: HK$592,972,000), representing 83% of the Group's total revenue (2024: 89%).

6 REVENUE

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

	2025 HK$'000	2024 HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Provision of crude oil jetty services (Note)	**505,232**	504,058
Revenue from other sources		
Rental revenue from operating leases with customers		
– Lease payments that are fixed or depend on an index or a rate	**47,661**	52,591
– Variable lease payments that do not depend on an index or a rate	**105,744**	110,442
	153,405	163,033
	658,637	667,091

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

7 OTHER INCOME AND OTHER GAINS, NET

	2025 HK$'000	2024 HK$'000
Other income:		
– Rental income from investment properties	**2,393**	2,585
– Government grants:		
– Value-added tax refund	**640**	4,359
– Amortisation of deferred government grant	**3,209**	3,218
– Interest income from loans to:		
– Joint ventures	**50,004**	51,449
– An associate	**1,924**	2,239
– Management fee income from a joint venture	**4,569**	4,438
	62,739	68,288
Other gains/(losses):		
– Net foreign exchange gains/(losses)	**13,348**	(59,254)
– Net losses on disposal of property, plant and equipment	**(692)**	(7,456)
– Others	**(47)**	(596)
	12,609	(67,306)
	75,348	982

8 EXPENSES BY NATURE

	2025 **HK$'000**	2024 HK$'000
Depreciation		
– property, plant and equipment (Note 18)	**129,914**	137,969
– investment properties (Note 19)	**1,237**	1,238
– right-of-use assets (Note 17)	**12,314**	13,908
Amortisation		
– Intangible assets	**372**	372
Employee benefit expenses, including directors' remuneration (Note 9)	**134,688**	153,014
Auditor's remuneration		
– the Company	**2,000**	2,000
– subsidiaries	**3,382**	3,285
– non-audit services	**–**	–
Expenses relating to short-term leases		
– hire of a property	**2,148**	1,830

9 EMPLOYEE BENEFIT EXPENSES

	2025 HK$'000	2024 HK$'000
Wages, salaries and other benefits	**117,242**	136,469
Retirement benefit scheme contributions	**17,446**	16,545
	134,688	153,014

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 2025 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 (2024: one) is director whose emoluments are disclosed in Note 32(a). The aggregate of the emoluments in respect of the other four (2024: four) individuals are as follows:

	2025 HK$'000	2024 HK$'000
Salaries, allowances and other benefits-in-kind	**6,275**	4,258
Bonuses	**4,650**	5,528
Retirement scheme contributions	**–**	–
	10,925	9,786

The emoluments of the four (2024: four) individuals with the highest emoluments are within the following bands:

	Number of individuals 2025	 2024
Emolument bands		
HK$2,000,001 – HK$2,500,000	**1**	3
HK$2,500,001 – HK$3,000,000	**2**	1
HK$3,000,001 – HK$3,500,000	**1**	–
	4	4

10 FINANCE INCOME

	2025 HK$'000	2024 HK$'000
Finance income:		
– Deposits at banks and related financial institutions	**257,368**	259,652
	257,368	259,652

11 FINANCE COSTS

	Note	2025 HK$'000	2024 HK$'000
Finance costs:			
– from lease liabilities	17	**1,586**	1,700
		1,586	1,700

12 SUBSIDIARIES

The following is a list of subsidiaries as at 31 December 2025 and 2024:

	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 2025	% held by the Group in 2024	**% held by non-controlling Interests in 2025**	% held by non-controlling interests in 2024
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

	2025 HK$'000	2024 HK$'000
Cost of unlisted investments	**419,030**	419,030
Share of:		
– Post-acquisition results	**1,976,402**	1,899,691
– Other comprehensive income	**(107,134)**	(125,647)
Dividend received	**(1,411,919)**	(1,288,780)
Share of net assets	**876,379**	904,294
Loan to an associate	**26,020**	30,699
	902,399	934,993

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% (2024: 6.8%).

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

	Note	Principal activities	Place of incorporation/ establishment	Particulars of issued and paid up capital/ registered capital	Proportion of ordinary shares and voting powers at 31 December % held by the Group in 2025	 % held by the Group in 2024
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 2025 HK$'000	2024 HK$'000
Current		
Cash and cash equivalents	**120,450**	152,761
Other current assets	**17,578**	12,291
Total current assets	**138,028**	165,052
Financial liabilities (excluding trade payables)	**(38,504)**	(32,965)
Other current liabilities	**(33,911)**	(48,889)
Total current liabilities	**(72,415)**	(81,854)
Non-current		
Assets	**1,588,958**	1,632,263
Financial liabilities	**(15,831)**	(21,015)
Total non-current net assets	**1,573,127**	1,611,248
Net assets	**1,638,740**	1,694,446

Summarised Income Statement and Statement of Comprehensive Income

	Zhan Jiang Port Petrochemical Terminal 2025 HK$'000	2024 HK$'000
Revenue	**424,093**	629,130
Depreciation and amortisation	**(101,371)**	(99,660)
Interest income	**3,232**	5,708
Interest expense	**(230)**	(318)
Other expenses	**(171,229)**	(197,299)
Profit before income tax	**154,495**	337,561
Income tax expense	**(18,401)**	(54,627)
Profit after tax	**136,094**	282,934
Other comprehensive income	**43,136**	(33,412)
Total comprehensive income	**179,230**	249,522

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	
	2025	2024
	HK$'000	HK$'000
Opening net assets	**1,694,446**	1,999,380
Profit for the year	**136,094**	282,934
Other comprehensive income	**43,136**	(33,412)
Dividend declared	**(234,936)**	(554,456)
Closing net assets	**1,638,740**	1,694,446
Interest in an associate (%)	**50%**	50%
Group's share of net assets in an associate	**819,370**	847,223
Goodwill	**123**	123
Carrying value	**819,493**	847,346

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.

	2025	2024
	HK$'000	HK$'000
Share of profit	**8,664**	17,605
Share of other comprehensive income	**(3,055)**	4,313
Share of total comprehensive income	**5,609**	21,918
Carrying amount of interest in the associate	**56,886**	56,948

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 2025 and 2024

	2025 **HK$'000**	2024 HK$'000
Share of an associate' commitments		
– Contracted for acquisition of property, plant and equipment	**5,989**	9,560

14 INTERESTS IN JOINT VENTURES

	2025 **HK$'000**	2024 HK$'000
Cost of unlisted investments	**5,112,585**	5,112,585
Less: impairment allowance on interest in a joint venture	**(156,551)**	(156,551)
Share of:		
– Post-acquisition results	**8,971,318**	8,443,695
– Other comprehensive income	**(624,709)**	(749,402)
Dividend received	**(7,368,743)**	(6,704,078)
Share of net assets	**5,933,900**	5,946,249
Loans to joint ventures	**884,374**	906,432
	6,818,274	6,852,681

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% (2024: 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 2025**	 % held by the Group in 2024
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 2025 and 2024.

(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	
	2025	2024	**2025**	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Current						
Cash and cash equivalents	**685,268**	552,034	**428,106**	630,985	**399,791**	234,461
Other current assets	**213,251**	776,386	**414,428**	554,223	**159,867**	93,693
Total current assets	**898,519**	1,328,420	**842,534**	1,185,208	**559,658**	328,154
Financial liabilities (excluding trade payables)	**(520,606)**	(488,240)	**(152,007)**	(142,442)	**(178,934)**	(5,572)
Other current liabilities	**(347,405)**	(741,212)	**(166,788)**	(239,480)	**(85,567)**	(50,912)
Total current liabilities	**(868,011)**	(1,229,452)	**(318,795)**	(381,922)	**(264,501)**	(56,484)
Non-current						
Assets	**9,979,781**	9,679,462	**2,278,403**	2,352,032	**2,325,363**	2,403,559
Financial liabilities	**(7,971,534)**	(7,856,476)	**(28,076)**	(25,798)	**(3,646)**	(1,381)
Total non-current net assets	**2,008,247**	1,822,986	**2,250,327**	2,326,234	**2,321,717**	2,402,178
Non-controlling interest	**(116,113)**	(95,728)	**–**	–	**–**	–
Net assets attributable to parent company	**1,922,642**	1,826,226	**2,774,066**	3,129,520	**2,616,874**	2,673,848

14 INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised Income Statement and Statement of Comprehensive Income

	China Energy		Qingdao Shihua		Rizhao Shihua	
	2025	2024	**2025**	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue	**1,487,155**	1,465,198	**804,263**	1,064,494	**427,844**	568,408
Depreciation and amortisation	**(352,886)**	(353,368)	**(156,930)**	(152,007)	**(68,782)**	(73,059)
Interest income	**4,140**	5,731	**6,884**	6,786	**(4,343)**	4,753
Interest expense	**(451,455)**	(480,243)	**–**	–	**–**	–
Other expenses	**(438,303)**	(379,609)	**(404,813)**	(446,923)	**(79,943)**	(83,416)
Profit before income tax	**248,651**	257,709	**249,404**	472,350	**274,776**	416,686
Income tax expense	**(1,459)**	(100)	**(58,720)**	(120,364)	**(70,024)**	(103,838)
Profit after tax	**247,192**	257,609	**190,684**	351,986	**204,752**	312,848
Other comprehensive income	**(85,608)**	71,599	**57,652**	(67,718)	**61,506**	(57,354)
Total comprehensive income	**161,584**	329,208	**248,336**	284,268	**266,258**	255,494
Attributable to parent company:						
Profit for the year	**165,665**	208,029	**190,684**	351,986	**204,752**	312,848
Total comprehensive income for the year	**96,416**	265,543	**248,336**	284,268	**266,258**	255,494

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).

14 INTERESTS IN JOINT VENTURES (CONTINUED)

Reconciliation of summarised financial information

	China Energy		Qingdao Shihua		Rizhao Shihua	
	2025	2024	**2025**	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Opening net assets	**1,826,226**	1,560,683	**3,129,520**	2,845,252	**2,673,848**	2,749,096
Profit for the year	**165,665**	208,029	**190,684**	351,986	**204,752**	312,848
Other comprehensive income	**(69,249)**	57,514	**57,652**	(67,718)	**61,506**	(57,354)
Dividend declared	**–**	(204,288)	**(603,790)**	–	**(323,232)**	(330,742)
Capital injection	**–**	204,288	**–**	–	**–**	–
Closing net assets	**1,922,642**	1,826,226	**2,774,066**	3,129,520	**2,616,874**	2,673,848
Interest in joint ventures (%)	**49%**	49%	**50%**	50%	**50%**	50%
Group's share of net assets in joint ventures	**942,095**	894,851	**1,387,033**	1,564,760	**1,308,437**	1,336,924
Goodwill	**–**	–	**7,609**	7,609	**4,237**	4,237
Carrying value	**942,095**	894,851	**1,394,642**	1,572,369	**1,312,674**	1,341,161

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.

	2025	2024
	HK$'000	HK$'000
Share of profit	**248,729**	261,609
Share of other comprehensive income	**99,046**	(70,785)
Share of total comprehensive income	**347,775**	190,824
Carrying amount of interests in these joint ventures	**2,284,489**	2,137,868

Commitments and contingent liabilities in respect of joint ventures

The Group has the following commitments relating to its joint ventures as at 31 December 2025 and 2024:

	2025	2024
	HK$'000	HK$'000
Share of joint ventures' commitments		
– Contracted for acquisition of property, plant and equipment	**17,921**	14,729
Capital commitments to a joint venture	**110,192**	100,292

There were no contingent liabilities relating to the Group's interests in the joint ventures as at 31 December 2025.

15 INCOME TAX EXPENSES

	Note	2025 HK$'000	2024 HK$'000
Current income tax:			
– Hong Kong profits tax	(b)	**3,137**	2,502
– PRC corporate income tax	(c)	**114,815**	164,178
		117,952	166,680
Deferred income tax charged	(d), 29	**(16,284)**	(57,088)
		101,668	109,592

(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% (2024: 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 (2024: 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% (2024: 5%).

(e) The Company is part of a multinational enterprise group which is subject to the Global Anti-Base Erosion Model Rules ("**Pillar Two model rules**") published by the Organisation for Economic Co-operation and Development.

From 1 January 2025, the Group is liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025, which imposes top-up tax for the constituent entities with an effective tax rate below 15%. However, based on the assessment performed so far, the multinational enterprise group that the Company belongs to is not expected to be subject to any material top-up tax in Hong Kong.

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax as incurred.

15 INCOME TAX EXPENSES (CONTINUED)

(f) 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:

	2025 HK$'000	2024 HK$'000
Profit before income tax	**1,129,954**	1,286,992
Less: Share of results of joint ventures	**(527,623)**	(695,960)
Share of results of associates	**(76,711)**	(159,072)
	525,620	431,960
Tax calculated at domestic tax rates applicable to profits in the respective tax jurisdictions	**110,245**	94,149
Income not subject to tax	**(41,420)**	(38,105)
Expenses not deductible for tax purposes	**7,631**	16,085
Withholding tax on undistributed profits	**27,882**	39,218
Under-provision in prior years	**739**	175
Tax effect of unused tax losses not recognised	**(3,201)**	(1,886)
Other	**(208)**	(44)
Income tax expenses	**101,668**	109,592

16 EARNINGS PER SHARE

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

	2025	2024
Earnings (in HK$'000)		
Profit attributable to equity holders of the Company:	**1,028,261**	1,177,396
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)	**41.36**	47.36

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 2025 HK$'000	As at 31 December 2024 HK$'000
Right-of-use assets		
Properties	**32,108**	35,982
Prepaid land lease payments	**21,648**	26,445
	53,756	62,427

	As at 31 December 2025 HK$'000	As at 31 December 2024 HK$'000
Lease liabilities		
Current	**6,655**	7,574
Non-current	**25,058**	29,555
	31,713	37,129

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

	Notes	2025 HK$'000	2024 HK$'000
Depreciation of right-of-use assets by class of underlying assets			
Properties		**6,921**	10,530
Prepaid land lease payments		**5,393**	3,378
	8	**12,314**	13,908
Finance costs	11	**1,586**	1,700

The total cash outflow for leases in 2025 was HK$10,435,000 (2024: HK$9,871,000).

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 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

	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 2025								
Opening net book amount	**12,859**	**397,487**	**722,526**	**12,769**	**54,792**	**7,410**	**99,443**	**1,307,286**
Currency translation differences	**404**	**9,932**	**17,973**	**1,239**	**437**	**72**	**1,599**	**31,656**
Additions	**–**	**–**	**–**	**–**	**–**	**–**	**38,325**	**38,325**
Disposals	**–**	**–**	**(56)**	**(7,691)**	**(845)**	**(1,955)**	**–**	**(10,547)**
Transfers	**–**	**37,915**	**16,657**	**48,527**	**173**	**–**	**(103,272)**	**–**
Depreciation charge	**(1,496)**	**(44,530)**	**(50,368)**	**(30,077)**	**(2,597)**	**(846)**	**–**	**(129,914)**
Closing net book amount	**11,767**	**400,804**	**706,732**	**24,767**	**51,960**	**4,681**	**36,095**	**1,236,806**
At 31 December 2025								
Cost	**53,043**	**1,771,576**	**1,874,601**	**281,190**	**216,601**	**107,456**	**36,095**	**4,340,562**
Accumulated depreciation	**(41,276)**	**(1,370,772)**	**(1,167,869)**	**(256,423)**	**(164,641)**	**(102,775)**	**–**	**(3,103,756)**
Net book amount	**11,767**	**400,804**	**706,732**	**24,767**	**51,960**	**4,681**	**36,095**	**1,236,806**

18 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Jetty facilities leased out under operating leases

	HK$'000
Year ended 31 December 2024	
Opening net book amount	174,465
Currency translation differences	(3,420)
Transfer from construction in progress	2,135
Disposal	(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
Year ended 31 December 2025	
Opening net book amount	143,009
Currency translation differences	3,355
Disposals	(477)
Depreciation charge	(18,997)
Closing net book amount	126,890
At 31 December 2025	
Cost	630,212
Accumulated depreciation	(503,322)
Net book amount	126,890

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 RMB1,953,000 in the next year (2024: RMB46,868,000 in the next year).

19 INVESTMENT PROPERTIES

	2025 **HK$'000**	2024 HK$'000
At 1 January	**14,862**	16,100
Depreciation charge for the year	**(1,237)**	(1,238)
At 31 December	**13,625**	14,862

As at 31 December 2025, the Group had no contractual obligations for future repairs and maintenance (2024: 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 2025. 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 2025 is estimated to be approximately HK$72,600,000 (2024: HK73,700,000). 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 2025 and 2024. The following table analyses the investment properties measured at fair value, by valuation method.

Fair value hierarchy

	Fair value measurements As at 31 December 2025 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)	**–**	**–**	**43,800**
– Commercial (HK)	**–**	**–**	**28,800**
	–	**–**	**72,600**

	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

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% (2024: 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:

	2025 HK$'000	2024 HK$'000
Investment properties		
– Residential (HK and Macau) and commercial (HK)		
At 1 January	**73,700**	81,200
Fair value adjustment	**(1,100)**	(7,500)
At 31 December	**72,600**	73,700

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 2025, the total future minimum lease payments under non-cancellable operating leases are HK$237,000 and are receivable within one year (2024: HK$343,000 receivable within one year).

(a) Amounts recognised in income statement for investment properties

	2025 HK$'000	2024 HK$'000
Rental income	**2,394**	2,585
Direct operating expenses from property that generated rental income	**(307)**	(297)
	2,087	2,288

20 TRADE AND OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'000
Trade receivables		
– Related parties	**51,683**	49,043
– Others	**15,333**	18,100
	67,016	67,143
Other receivables		
– Interest receivables	**92,266**	85,276
– Others	**13,720**	27,296
	105,986	112,572
	173,002	179,715
Less: non-current portion	**(33,524)**	–
Current portion	**139,478**	179,715

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:

	2025 HK$'000	2024 HK$'000
Within 1 month	**67,016**	67,143
1 to 2 months	**–**	–
2 to 3 months	**–**	–
	67,016	67,143

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

	2025 HK$'000	2024 HK$'000
HK$	**89,973**	87,705
RMB	**72,987**	91,332
US$	**10,042**	678
	173,002	179,715

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

	2025 HK$'000	2024 HK$'000
Spare parts	**3,412**	2,887
	3,412	2,887

22 CASH AND CASH EQUIVALENTS

	2025 HK$'000	2024 HK$'000
Cash at bank and on hand	**83,268**	170,790
Deposits at bank	**–**	24,000
Deposits at related financial institutions	**337,836**	392,783
Cash and cash equivalents	**421,104**	587,573

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 2025, cash and cash equivalents situated in the PRC amounted to RMB303,050,000 (2024: RMB356,726,000). 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:

	2025 HK$'000	2024 HK$'000
RMB	**337,413**	386,315
HK$	**61,888**	121,185
US$	**21,066**	79,708
Euro	**32**	28
Others	**705**	337
	421,104	587,573

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.

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

	2025 **HK$'000**	2024 HK$'000
HK$	**1,666,000**	4,151,000
US$	**5,567,964**	2,204,558
	7,233,964	6,355,558

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

24 SHARE CAPITAL

	2025		2024	
	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

	2025 **HK$'000**	2024 HK$'000
Interim dividend declared and paid of HK$10 cents per ordinary share (2024: 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 (2024: 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 2025 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 3 June 2026. 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

	2025 HK$'000	2024 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$15 cents per ordinary share (2024: HK$15 cents per share)	**372,924**	372,924

27 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	Note	2025 HK$'000	2024 HK$'000
Profit before income tax:		**1,129,954**	1,286,992
Adjustments for:			
Depreciation			
– Property, plant and equipment	18	**129,914**	137,969
– Investment properties	19	**1,237**	1,238
– Right-of-use assets	17	**12,314**	13,908
Amortisation of intangible assets		**372**	372
Amortisation of deferred government grant	7	**(3,209)**	(3,218)
Finance costs	11	**1,586**	(1,700)
Interest income		**(309,296)**	(313,340)
Net losses on disposal of property, plant and equipment	7	**692**	7,456
Share of results of joint ventures	14	**(527,623)**	(695,960)
Share of results of associates	13	**(76,711)**	(159,072)
Changes in working capital:			
(Increase)/decrease in inventories		**(449)**	521
Decrease in trade and other receivables		**15,761**	5,253
(Decrease)/increase in trade and other payables		**(6,745)**	371
Cash generated from operations		**367,797**	280,790

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 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

	Dividend payable HK$'000	**Lease liabilities HK$'000**	**Total HK$'000**
Balance at 1 January 2025	**25**	**37,129**	**37,154**
Changes from financing cash flows:			
Repayment of lease liabilities	**–**	**(8,287)**	**(8,287)**
Dividend paid	**(621,540)**	**–**	**(621,540)**
Total changes from financing cash flows	**(621,540)**	**(8,287)**	**(629,827)**
Other changes			
Net exchange and translation difference	**–**	**1,285**	**1,285**
Finance cost charged to profit or loss	**–**	**1,586**	**1,586**
Dividend declared	**621,540**	**–**	**621,540**
Balance at 31 December 2025	**25**	**31,713**	**31,738**

28 TRADE AND OTHER PAYABLES

	2025 HK$'000	2024 HK$'000
Trade payables		
– Related parties	**871**	–
– Others	**30,360**	12,271
	31,231	12,271
Other payables		
– Amounts due to immediate, intermediate holding companies and other related parties	**2,638**	–
– Accrued charges	**99,600**	133,633
	102,238	133,633
	133,469	145,904

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:

	2025 HK$'000	2024 HK$'000
Within 1 month	**28,682**	7,976
1 to 3 months	**1,532**	3,736
3 to 12 months	**852**	440
Over 12 months	**165**	119
	31,231	12,271

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

	2025 HK$'000	2024 HK$'000
HK$	**34,124**	40,843
RMB	**55,024**	62,241
US$	**10,027**	10,002
Others	**34,294**	32,818
	133,469	145,904

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 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
At 1 January 2025	**9,962**	**54,273**	**24,649**	**48,409**	**6,677**	**(7,050)**	**136,920**
(Credited)/charged to income statement (Note 15)	**(9,295)**	**(15,110)**	**(2,438)**	**10,433**	**563**	**(437)**	**(16,284)**
Exchange differences	**223**	**392**	**605**	**654**	**176**	**(184)**	**1,866**
At 31 December 2025	**890**	**39,555**	**22,816**	**59,496**	**7,416**	**(7,671)**	**122,502**

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$501,008,000 (2024: HK$513,800,000), 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 2025, the outstanding capital commitments not provided for in the financial statements were as follows:

	2025 HK$'000	2024 HK$'000
Contracted for but not provided for	**6,128**	8,301

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:

	2025 HK$'000	2024 HK$'000
Sinomart Development		
Interest income from a fellow subsidiary	**34,010**	43,172
KII		
Interest income from a fellow subsidiary	**429**	1,162
Huade Petrochemical		
Jetty service fees from an intermediate holding company (Note (i)(a))	**489,995**	536,052
Jetty service fees from a fellow subsidiary (Note (i)(a))	**–**	4,329
Fuel oil jetty service fees from a fellow subsidiary (Note (i)(b))	**51,205**	52,591
Insurance premium paid to a fellow subsidiary (Note (i)(c))	**(4,687)**	(4,416)
Interest income from a fellow subsidiary	**7,986**	1,371
Oil products purchased from a related party (Note (i)(d))	**(3,592)**	(3,659)
Construction fee to a related party	**(4,080)**	(22,075)
Joint ventures and an associate		
Interest income from:		
– Joint ventures (Note 7)	**50,004**	51,449
– An associate (Note 7)	**1,924**	2,239
Management fees income from a joint venture (Note 7)	**4,569**	4,438

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:

	2025 HK$'000	2024 HK$'000
Compensations to key management personnel		
Directors' fees	**1,521**	1,520
Salaries, allowances and benefits-in-kind	**9,759**	7,042
Bonuses	**7,465**	7,281
Total	**18,745**	15,843

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 2025 and 2024 are set out below:

2025

	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)	–	–	–	–	–	–
Yang Yanfei	–	–	–	–	–	–
Ren Jiajun	–	–	–	–	–	–
Zou Wenzhi	–	–	–	–	–	–
Mo Zhenglin	–	–	–	–	–	–
Sang Jinghua (General Manager)	–	924	1,169	1,513	–	3,606
Non-executive director						
Tu Yikai (Note (i))	–	–	–	–	–	–
Independent non-executive directors						
Tam Wai Chu, Maria (Note (ii))	283	–	–	–	–	283
Fong Chung, Mark	380	–	–	–	–	380
Wong Yau Kar, David	380	–	–	–	–	380
Wong Pui Sze, Priscilla	380	–	–	–	–	380
Ye, James Zheng (Note (ii))	98	–	–	–	–	98
	1,521	924	1,169	1,513	–	5,127

32 BENEFITS ON INTERESTS OF DIRECTORS (CONTINUED)

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

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 (ii))	–	–	–	–	–	–
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

Note:

(i) On 29 September 2025, Tu Yikai was appointed as the non-executive director.

(ii) On 29 September 2025, Tam Wai Chu, Maria resigned as the independent non-executive director. On the same date, Ye, James Zheng was appointed as the independent non-executive director.

(iii) 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 (2024: nil).

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

During the years ended 31 December 2025 and 2024, 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	
		2025	2024
		HK$'000	HK$'000
Assets			
Non-current assets			
Investments in subsidiaries		**9,283,265**	9,434,975
Current assets			
Cash and cash equivalents		**74**	89
Total current assets		**74**	89
Total assets		**9,283,339**	9,435,064
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		**248,616**	248,616
Reserves	(a)	**9,029,924**	9,182,525
Total equity		**9,278,540**	9,431,141
Liabilities			
Current liabilities			
Trade and other payables		**4,799**	3,923
Total liabilities		**4,799**	3,923
Total equity and liabilities		**9,283,339**	9,435,064
Net current liabilities		**(4,725)**	(3,834)
Total assets less current liabilities		**9,278,540**	9,431,141

The statement of financial position of the Company was approved by the Board of Directors on 16 March 2026 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 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
At 1 January 2025	**6,300,684**	**242,397**	**2,639,444**	**9,182,525**
Interim dividends declared in respect of the current year	**–**	**–**	**(248,616)**	**(248,616)**
Total comprehensive income for the year	**–**	**–**	**468,939**	**468,939**
Final dividends declared in respect of the prior year	**–**	**–**	**(372,924)**	**(372,924)**
At 31 December 2025	**6,300,684**	**242,397**	**2,486,843**	**9,029,924**

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 2025, the aggregate amount of reserves available for distribution to equity shareholders of the Company, including the contributed surplus and retained earnings, was HK$2,729,240,000 (2024: HK$2,881,841,000). After the end of the reporting period, the directors proposed a final dividend of HK$15 cents (2024: HK$15 cents) per ordinary share, amounting to HK$372,924,000 (2024: HK$372,924,000). The dividend has not been recognised as a liability at the end of the reporting period.

34 EVENTS AFTER THE REPORTING PERIOD

(a) On 12 February 2026, the Board announced that, Sinomart Development has entered into an agreement with Caofeidian Port Group in relation to the exclusive provision of crude oil terminal operation services by Caofeidian Shihua, pursuant to which Caofeidian Shihua shall provide crude oil terminal operation services exclusively to Sinomart Development or customers designated by Sinomart Development.

Accordingly, the Company reassessed the Group's interest in Caofeidian Shihua in accordance with the applicable HKFRS Accounting Standards, Caofeidian Shihua changed from a joint venture to an indirect non-wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements. For details, please refer to the announcement published by the Company on 12 February 2026.

(b) On 27 February 2026, the Board announced Rizhao Shihua has commenced liquidation proceedings, during which, certain operating assets and its ancillary facilities held by Rizhao Shihua will be sold for a consideration of approximately RMB2.41 billion. Following the liquidation of Rizhao Shihua, the Group expects to recover cash proceeds that approximate the carrying value of the Group's interest in Rizhao Shihua. For details, please refer to the announcement published by the Company on 27 February 2026.

(c) The outbreak of hostilities between the United States and Iran in late February 2026 has increased tensions in the Middle East and may affect the Group's operations in that region. The Group is monitoring developments closely and is assessing any potential impact on its financial position, cash flows and operating results. As at the date of approval of these financial statements, that assessment remains ongoing and the related effects cannot be reasonably estimated.

FIVE-YEAR FINANCIAL SUMMARY

	2021 HK$'000	2022 HK$'000 (Restated) (Note a)	2023 HK$'000	2024 HK$'000	**2025** **HK$'000**
Results					
Continuing operations					
Revenue	636,517	616,064	609,872	667,091	**658,637**
Operating profit/(loss)	52,643	(179,194)	186,924	174,008	**269,838**
Finance income	21,952	77,702	237,262	259,652	**257,368**
Finance costs	(1,147)	(852)	(1,082)	(1,700)	**(1,586)**
Share of results of associates	181,934	171,675	179,346	159,072	**76,711**
Share of results of joint ventures	901,561	540,403	798,346	695,960	**527,623**
Profit before income tax	1,156,943	609,734	1,400,796	1,286,992	**1,129,954**
Income tax expense	(107,259)	(207,068)	(102,310)	(109,592)	**(101,668)**
Net profit for the year	1,049,684	402,666	1,298,486	1,177,400	**1,028,286**
Assets and liabilities (As at 31 December)					
Fixed assets and intangible assets	2,118,498	1,539,465	1,488,647	1,385,540	**1,304,780**
Interests in associates	1,151,511	1,063,145	1,075,260	934,993	**902,399**
Interests in joint ventures	6,753,155	6,672,394	6,712,373	6,852,681	**6,818,274**
Other receivables	–	–	–	–	**33,524**
Time deposits with original maturity of more than three months	–	–	–	–	**3,951,658**
Net current assets	5,584,131	5,851,040	6,522,275	6,957,938	**3,689,997**
Deferred income tax liabilities	(177,270)	(177,889)	(195,248)	(136,920)	**(122,502)**
Government grants	(14,909)	(53,714)	(49,707)	(45,472)	**(42,414)**
Non-current lease liabilities	(15,943)	(27,910)	(36,869)	(29,555)	**(25,058)**
Net assets	15,399,173	14,866,531	15,516,731	15,919,205	**16,510,658**
Equity (As at 31 December)					
Share capital	248,616	248,616	248,616	248,616	**248,616**
Reserves	15,116,247	14,615,846	15,266,172	15,668,642	**16,260,070**
Non-controlling interests	34,310	2,069	1,943	1,947	**1,972**
Total equity	15,399,173	14,866,531	15,516,731	15,919,205	**16,510,658**
Basic earnings per share for profit attributable to equity holders of the Company	HK42.25 cents	HK17.49 cents	HK52.23 cents	HK47.36 cents	**HK41.36 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*.

GLOSSARY

Abbreviations	Meanings
Audit Committee	Audit committee of the Company
AGM	Annual general meeting of the Company
Board	The board of directors of the Company
Board Committees	Committees of the Board
Caofeidian Port Group	Caofeidian Port Group Co., Ltd.*（曹妃甸港集團股份有限公司）
Caofeidian Shihua	Tangshan Caofeidian Shihua Crude Oil Terminal Co., Ltd.*（唐山曹妃甸實華原油碼頭有限公司）
Century Bright	Sinopec Century Bright Capital Investment Limited (中國石化盛駿國際投資有限公司)
CG Code/Corporate Governance Code	Corporate Governance Code contained in Appendix C1 of the Listing Rules
China Energy	China Energy Shipping Investment Co., Ltd. (中國能源運輸投資有限公司)
China Shipping & Sinopec Shenzhen	China Shipping & Sinopec Shenzhen Marine Bunker Co., Ltd.*（中石化中海深圳船舶燃料有限公司）
Company	Sinopec Kantons Holdings Limited（中石化冠德控股有限公司*）
Director(s)	The director(s) of the Company
ESG	Environmental, social and governance
ESG Committee	ESG committee of the Company
ESG Working Group	ESG working group of the Company
Five domestic terminal companies	namely and collectively referred to as Tianjin Port Shihua, Qingdao Shihua, Rizhao Shihua, Ningbo Shihua and Zhan Jiang Port Petrochemical
FOT	Fujairah Oil Terminal FZC
Group	Sinopec Kantons Holdings Limited and its subsidiaries
Guangdong Petroleum	Sinopec Marketing Co., Ltd. Guangzhou Petroleum Branch*（中國石化銷售股份有限公司廣東石油分公司）
Guangzhou Petrochemical	Sinopec Corp. Guangzhou Branch*（中國石油化工股份有限公司廣州分公司）
Huade Petrochemical	Huade Petrochemical Co., Ltd*（惠州市大亞灣華德石化有限公司）
Kantons International	Sinopec Kantons International Limited
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
LNG	Liquefied natural gas
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 of the Listing Rules
Ningbo Shihua	Ningbo Shihua Crude Oil Terminal Co., Ltd. *（寧波實華原油碼頭有限公司）
Nomination Committee	Nomination committee of the Company
PCITC	Petro-CyberWorks Information Technology Co., Ltd.（石化盈科信息技術有限責任公司）
PRC	the People's Republic of China
PT. West Point	PT. West Point Terminal
Qingdao Shihua	Qingdao Shihua Crude Oil Terminal Co., Ltd.*（青島實華原油碼頭有限公司）

Abbreviations	Meanings
Remuneration Committee	Remuneration committee of the Company
Reporting Period/Year	For the year ended 31 December 2025
Risk Control Department	Risk control department of the Company
Rizhao Shihua	Rizhao Shihua Crude Oil Terminal Co., Ltd.*(日照實華原油碼頭有限公司)
SFC	Securities and Futures Commission of Hong Kong
SFO	Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
Shareholders	The shareholders of the Company
Shares	the ordinary share(s) of HK$0.10 each in the share capital of the Company
Sinomart Development	Sinomart KTS Development Limited (經貿冠德發展有限公司)
Sinopec Beijing Yanshan Branch	China Petroleum & Chemical Corporation Beijing Yanshan Branch*(中國石油化工股份有限公司北京燕山分公司)
Sinopec Cangzhou Branch	China Petroleum & Chemical Corporation Cangzhou Branch*(中國石油化工股份有限公司滄州分公司)
Sinopec Corp.	China Petroleum & Chemical Corporation (中國石油化工股份有限公司)
Sinopec Engineering	SINOPEC Engineering (Group) Co., Ltd.(中石化煉化工程(集團)股份有限公司)
Sinopec Finance	Sinopec Finance Company Limited*(中國石化財務有限責任公司)
Sinopec Finance Guangzhou Branch	Guangzhou Branch of Sinopec Finance
Sinopec Finance Tianjin Branch	Tianjin Branch of Sinopec Finance
Sinopec Fuel Oil	Sinopec Fuel Oil Sales Company Limited*(中國石化燃料油銷售有限公司)
Sinopec Guangzhou Engineering	Sinopec Guangzhou Engineering Co., Ltd.*(中石化廣州工程有限公司)
Sinopec Group Company	China Petrochemical Corporation(中國石油化工集團有限公司)
Sinopec Henan Petroleum Exploration	Sinopec Henan Petroleum Exploration Bureau Co., Ltd*(中國石化集團河南石油勘探局有限公司)
Sinopec Petroleum Marketing Company	Sinopec Petroleum Marketing Company Limited*(中石化石油銷售有限責任公司)
Sinopec Petroleum Reserve Company	Sinopec Petroleum Reserve Company Limited* (中國石化集團石油商業儲備有限公司)
Sinopec Shijiazhuang Branch	China Petroleum & Chemical Corporation Shijiazhuang Refining and Chemical Branch*(中國石油化工股份有限公司石家莊煉化分公司)
Sinopec Tianjin	Sinopec (Tianjin) Petrochemical Co., Ltd.*(中石化(天津)石油化工有限公司)
Stock Exchange	The Stock Exchange of Hong Kong Limited
Tianjin Port Shihua	Tianjin Port Shihua Crude Oil Terminal Co., Ltd.* (天津港實華原油碼頭有限公司)
UNIPEC	China International United Petroleum & Chemicals Co., Ltd.(中國國際石油化工聯合有限責任公司)
Vesta	Vesta Terminals B.V.
VLCC	Very large crude carrier
Zhan Jiang Port Petrochemical	Zhan Jiang Port Petrochemical Jetty Co., Ltd.*(湛江港石化碼頭有限責任公司)

* *For indentification purpose only*

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)*

NON-EXECUTIVE DIRECTOR

Mr. Tu Yikai

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Fong Chung, Mark
Dr. Wong Yau Kar, David
Ms. Wong Pui Sze, Priscilla
Mr. Ye, James Zheng

AUDIT COMMITTEE MEMBERS

Mr. Fong Chung, Mark *(Chairperson)*
Dr. Wong Yau Kar, David
Ms. Wong Pui Sze, Priscilla
Mr. Ye, James Zheng

REMUNERATION COMMITTEE MEMBERS

Dr. Wong Yau Kar, David *(Chairperson)*
Mr. Zhong Fuliang
Mr. Fong Chung, Mark
Ms. Wong Pui Sze, Priscilla
Mr. Ye, James Zheng
Mr. Sang Jinghua

NOMINATION COMMITTEE MEMBERS

Ms. Wong Pui Sze, Priscilla *(Chairperson)*
Mr. Zhong Fuliang
Mr. Fong Chung, Mark
Dr. Wong Yau Kar, David
Mr. Ye, James Zheng
Mr. Sang Jinghua

ESG COMMITTEE MEMBERS

Mr. Zhong Fuliang *(Chairperson)*
Mr. Fong Chung, Mark
Dr. Wong Yau Kar, David
Ms. Wong Pui Sze, Priscilla
Mr. Ye, James Zheng
Mr. Sang Jinghua

COMPANY SECRETARY

Ms. Huang He

AUTHORIZED REPRESENTATIVES

Mr. Sang Jinghua
Ms. Huang He

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
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STATUTORY ADDRESS

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LISTING INFORMATION

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Stock Code: 934

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