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

**RENEWAL OF**

**(1) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO**

- (I) THE NEW CRUDE OIL JETTY AND STORAGE SERVICES  
FRAMEWORK MASTER AGREEMENT; AND**
- (II) THE NEW SINOPEC FUEL OIL SALES COMPANY LIMITED  
FRAMEWORK MASTER AGREEMENT**

**(2) DISCLOSEABLE TRANSACTIONS  
AND NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS  
IN RELATION TO**

- (I) THE NEW SINOPEC FINANCE FINANCIAL SERVICES  
FRAMEWORK MASTER AGREEMENT; AND**
- (II) THE NEW CENTURY BRIGHT FINANCIAL SERVICES  
FRAMEWORK MASTER AGREEMENT**

**(3) EXEMPT CONTINUING CONNECTED TRANSACTION  
IN RELATION TO  
THE NEW OIL PRODUCT PURCHASE FRAMEWORK MASTER AGREEMENT**

\* For identification purposes only

References are made to the 2019 Announcement and the 2019 Circular, in relation to, among others, the Existing Framework Master Agreements and the transactions contemplated thereunder.

As the Existing Framework Master Agreements and the annual caps thereunder will expire on 31 December 2022, and the Group will continue to carry out the transactions contemplated thereunder after 31 December 2022, the Group entered into the following New Framework Master Agreements on 26 October 2022.

#### **NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

On 26 October 2022, the Group entered into the following New Non-exempt Framework Master Agreements, with a term of three years commencing on 1 January 2023 and ending on 31 December 2025:

- (i) the New Crude Oil Jetty and Storage Services Framework Master Agreement entered into by Huade and Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and Sinopec Petroleum Marketing Company in relation to the provision of crude oil jetty and storage services by Huade to Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and Sinopec Petroleum Marketing Company and/or their respective subsidiaries;
- (ii) the New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement entered into between Huade and Sinopec Fuel Oil in relation to the provision of fuel oil jetty and storage services by Huade to the Sinopec Fuel Oil Group;
- (iii) the New Sinopec Finance Financial Services Framework Master Agreement entered into by Huade and Sinopec Finance Guangzhou Branch in relation to the provision of financial services by the Sinopec Finance Guangzhou Branch to Huade; and
- (iv) the New Century Bright Financial Services Framework Master Agreement entered into by the Company and Century Bright in relation to the provision of financial services by the Century Bright Group to the Group.

#### **EXEMPT CONTINUING CONNECTED TRANSACTION**

On 26 October 2022, Huade entered into the New Oil Product Purchase Framework Master Agreement with China Shipping & Sinopec Shenzhen in relation to the sale of diesel from China Shipping & Sinopec Shenzhen to Huade, with a term of three years commencing on 1 January 2023 and ending on 31 December 2025.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Sinopec Group Company is the controlling shareholder of Sinopec Corp., which indirectly held the entire issued share capital of SKI. Sinopec Group Company is therefore an indirect controlling Shareholder.

As each of Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company, Sinopec Petroleum Marketing Company, Sinopec Finance Guangzhou Branch, Century Bright and Sinopec Fuel Oil is either a branch company or a subsidiary (as the case may be) of Sinopec Group Company or Sinopec Corp. (as the case may be), it is an associate of SKI and a connected person of the Company under Chapter 14A of the Listing Rules.

China Shipping & Sinopec Shenzhen is ultimately held as to approximately 52.81% by Sinopec Corp., 25% by COSCO Shipping Group and approximately 22.19% by a group of investors who are all independent third parties each holding less than 3%. As Sinopec Corp. indirectly wholly owns SKI, the controlling Shareholder, China Shipping & Sinopec Shenzhen is therefore an associate of SKI and a connected person of the Company under Chapter 14A of the Listing Rules.

Accordingly, the transactions contemplated under each of the New Framework Master Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

### **Non-exempt Continuing Connected Transactions and Discloseable Transactions (where applicable)**

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps for the transactions contemplated under each of the New Non-exempt Framework Master Agreements are more than 5%, such agreements are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will also disclose the relevant details in its next published annual report in accordance with the relevant requirements as set out in Rule 14A.49 of the Listing Rules.

In respect of the New Sinopec Finance Financial Services Framework Master Agreement and the New Century Bright Financial Services Framework Master Agreement:

- (i) the provision of deposit services to the Group by the Sinopec Finance Guangzhou Branch and the Century Bright Group (as the case may be) thereunder also constitute financial assistance to be provided by the Group to the Sinopec Finance Guangzhou Branch and the Century Bright Group (as the case may be) under Rule 14.04(1)(e) of 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 aggregate transaction amounts for such transactions on an annual basis under such agreements (if required to be aggregated) are more than 5% but all of which are below 25%, such transactions also constitute discloseable transactions of the Company, and are therefore subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules;
- (ii) in view that 1) the loan services and bill acceptance and discount services to be provided by Sinopec Finance Guangzhou Branch to Huade and 2) the credit facility services to be provided by the Century Bright Group to the Group will be on normal commercial terms or better than those offered by independent third parties for comparable services in the PRC and outside the PRC (as the case may be), and will not be secured by assets of Huade and the Group (as the case may be), such services which also constitute financial assistance received by the Group are fully exempt under Rule 14A.90 of the Listing Rules from reporting, annual review, announcement and Independent Shareholders' approval requirements. As such, no annual caps have been set for such services; and
- (iii) in view that 1) the entrustment loans and other financial services to be provided by Sinopec Finance Guangzhou Branch to Huade and 2) the settlement and similar services to be provided by the Century Bright Group to the Group will be on normal commercial terms and on terms similar to or even better than those offered by independent third parties for comparable services in the PRC and outside the PRC (as the case may be), and that all of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the total fees estimated to be paid by Huade to Sinopec Finance Guangzhou Branch and by the Group to the Century Bright Group (as the case may be) for such services on an annual basis fall within the de minimis threshold of 0.1% as stipulated under Rule 14A.76(1)(a) of the Listing Rules, such transactions are fully exempt from all reporting, annual review, announcement and Independent Shareholders' approval requirements. The Company will comply with the relevant requirements of the Listing Rules if and when such relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed the relevant threshold.

### **Exempt Continuing Connected Transaction**

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps for the transaction contemplated under the New Oil Product Purchase Framework Master Agreement are more than 0.1% but all are less than 5%, the transaction contemplated thereunder is subject to the reporting, annual review and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **GENERAL**

The Company will convene the SGM to seek Independent Shareholders' approval on the New Non-exempt Framework Master Agreements and the transactions contemplated thereunder.

Since SKI is considered to have a material interest in the transactions contemplated under the New Non-exempt Framework Master Agreements, it will abstain from voting on the resolution(s) to approve the entering into of such agreements at the SGM.

In addition, as certain executive Directors, including Mr. Chen Yaohuan, Mr. Zhong Fuliang, Mr. Mo Zhenglin, Mr. Yang Yanfei, Mr. Zou Wenzhi and Mr. Ren Jiajun are considered to have a material interest in the transactions contemplated under the New Non-exempt Framework Master Agreements due to their other executive posts within the Sinopec Group, they have abstained from voting on the board resolution(s) to approve such agreements.

The Company has established the Independent Board Committee comprising the four independent non-executive Directors, namely Ms. Tam Wai Chu, Maria, Mr. Fong Chung, Mark, Dr. Wong Yau Kar, David and Ms. Wong Pui Sze, Priscilla, to consider and advise the Independent Shareholders on the New Non-exempt Framework Master Agreements and the transactions contemplated thereunder (including the annual caps thereunder). The Company has appointed Somerley Capital Limited as the Independent Financial Adviser to advise and make recommendations to the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (1) further details of the New Non-exempt Framework Master Agreements and the transactions contemplated thereunder; (2) a letter from the Independent Board Committee; (3) a letter of advice from the Independent Financial Adviser; and (4) a notice of the SGM, is expected to be despatched to the Shareholders as soon as practicable in compliance with the Listing Rules.

References are made to the 2019 Announcement and the 2019 Circular, in relation to, among others, the Existing Framework Master Agreements and the transactions contemplated thereunder.

As the Existing Framework Master Agreements and the proposed annual caps thereunder will expire on 31 December 2022, and the Group will continue to carry out the transactions contemplated thereunder after 31 December 2022, the Group entered into the following New Framework Master Agreements on 26 October 2022.

### **A. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

#### **1. The New Crude Oil Jetty and Storage Services Framework Master Agreement**

***Date***

26 October 2022

## ***Parties***

- (a) Huade, a wholly-owned subsidiary of the Company;
- (b) Sinopec Guangzhou Branch;
- (c) Sinopec Petroleum Reserve Company; and
- (d) Sinopec Petroleum Marketing Company.

Sinopec Guangzhou Branch is a branch company of Sinopec Corp., Sinopec Petroleum Marketing Company is a wholly-owned subsidiary of Sinopec Corp., and Sinopec Petroleum Reserve Company is a wholly-owned subsidiary of Sinopec Group Company. As Sinopec Group Company is the holding company of Sinopec Corp., which indirectly wholly owns SKI, the controlling Shareholder, each of Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and Sinopec Petroleum Marketing Company is an associate of SKI and a connected person of the Company under Chapter 14A of the Listing Rules.

## ***Term***

Subject to obtaining the approval by the Independent Shareholders at the SGM, a term of three years commencing from 1 January 2023 to 31 December 2025.

## ***Nature of the transactions***

Pursuant to the New Crude Oil Jetty and Storage Services Framework Master Agreement, Huade shall provide the following services and facilities to Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and Sinopec Petroleum Marketing Company, and/or their respective subsidiaries:

- (i) jetty and related services concerning the unloading of crude oil from oil tankers and dockage;
- (ii) crude oil storage and related services concerning the storage of crude oil in oil tanks and oil tank handling; and
- (iii) the transmission of oil and related services.

Huade shall from time to time enter into definitive agreements with Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and/or Sinopec Petroleum Marketing Company and/or their respective subsidiaries with respect to the above services, for which the parties will negotiate with reference to, among other factors, laws and regulations, market conditions, normal commercial terms, trade customs and the principle of fairness.

## ***Pricing basis***

Pursuant to the New Crude Oil Jetty and Storage Services Framework Master Agreement, the service fees payable by Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and Sinopec Petroleum Marketing Company and/or their respective subsidiaries to Huade shall be determined on the following basis:

- (i) (in respect of services governed by the State-prescribed prices) charged on the basis of the State-prescribed prices;
- (ii) (in respect of services governed by government-approved prices) subject to paragraph (iii) below, Huade can adjust the service fees with the approval of the relevant government departments upon the negotiation between relevant parties, and Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and/or Sinopec Petroleum Marketing Company (as the case may be) shall provide, or shall procure their respective subsidiaries to provide, assistance as required by Huade; and
- (iii) if the State-prescribed prices or the government-approved prices (as the case may be) of any of the above services are abolished or unavailable, the service fees payable shall be either:
  - a. the market price for the relevant service (to be determined by the parties after arm's length negotiations) with reference to (I) actual and direct costs for providing the service, (II) the prevailing market price charged by independent third parties in the vicinity providing the same or similar service, or the price charged by Huade for providing the same or similar services to other independent third parties (if applicable). For the avoidance of doubt, the service fees for the relevant service shall not be lower than (I) and (II); or
  - b. if no market price is available or agreed between the parties, the service fees charged by Huade for such service on the basis of the previous applicable State-prescribed prices or government-approved prices (as the case may be), times a margin not exceeding the rate of increase of the PRC consumer price index announced by the relevant PRC authority, during the immediately preceding calendar year.

### ***Historical transaction amounts***

The following table sets out the transaction amounts received by Huade under the Existing Crude Oil Jetty and Storage Services Framework Master Agreement for each of the two years ended 31 December 2020 and 31 December 2021 and the six months ended 30 June 2022, based on unaudited management accounts:

	<b>For the year ended</b>		<b>For the six</b>
	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>months ended</b>
	<i>(approx. RMB (approx. HK\$))</i>		
Transaction amounts received by Huade	RMB450,950,000 (HK\$493,790,250)	RMB442,230,000 (HK\$484,241,850)	RMB223,400,000 (HK\$244,623,000)

None of these transaction amounts has exceeded the relevant annual caps for the corresponding financial years.

### ***Annual caps***

The following table sets out the existing annual caps of the transaction amounts estimated to be received by Huade under the Existing Crude Oil Jetty and Storage Services Framework Master Agreement for each of the two years ended 31 December 2020 and 31 December 2021 and the year ending 31 December 2022:

	<b>For the year ended</b>		<b>For the year ending</b>
	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>31 December 2022</b>
	<i>(RMB (approx. HK\$))</i>		
Existing annual caps	RMB650,000,000 (HK\$711,750,000)	RMB650,000,000 (HK\$711,750,000)	RMB650,000,000 (HK\$711,750,000)

The following table sets out the annual caps of the transaction amounts estimated to be received by Huade under the New Crude Oil Jetty and Storage Services Framework Master Agreement for each of the three years ending 31 December 2023, 31 December 2024 and 31 December 2025:

	<b>For the year ending</b>		
	<b>31 December 2023</b>	<b>31 December 2024</b>	<b>31 December 2025</b>
	<i>(RMB (approx. HK\$))</i>		
Annual caps	RMB550,000,000 (HK\$602,250,000)	RMB550,000,000 (HK\$602,250,000)	RMB550,000,000 (HK\$602,250,000)

In arriving at the aforesaid annual caps, the following factors were taken into account: (i) the historical transaction amounts; (ii) the State-prescribed prices and the government-approved prices for these services; (iii) in light of the demand for petroleum products in the PRC market, Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and Sinopec Petroleum Marketing Company and their respective subsidiaries are expected to import a stable quantity of crude oil and therefore will consume and require a stable amount of crude oil jetty services and facilities; and (iv) given the nature of mutual reliance on the supply and consumption of the services and facilities by Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and/or Sinopec Petroleum Marketing Company and their respective subsidiaries, demand in such volume and quantity of services and facilities of the Group will remain stable.

The payment terms of these transactions will be determined by the parties on a transaction-by-transaction basis, in accordance with market norms and on normal commercial terms, and with reference to prescriptions by and approvals of the PRC government.

### ***Reasons and benefits of the transactions***

As the existing jetty and crude oil storage facilities of Huade are close to Sinopec Guangzhou Branch with a crude oil pipeline connected between Huade and Sinopec Guangzhou Branch, and the business operations of Sinopec Petroleum Reserve Company, Sinopec Petroleum Marketing Company and Sinopec Guangzhou Branch are from time to time conducted closely and simultaneously, Huade has been regularly providing crude oil jetty and storage services to Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and Sinopec Petroleum Marketing Company and/or their respective subsidiaries, with Sinopec Guangzhou Branch being a major customer of Huade for crude oil unloading and pipeline transmission.

Currently, the business income of Huade is mostly attributable from Sinopec Guangzhou Branch. The provision of crude oil jetty unloading and storage services to Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and/or Sinopec Petroleum Marketing Company can enable Huade to continue capturing the business opportunities and utilise the business value of its crude oil jetty and facilities, and create economic benefits for Huade, and therefore is in the interests of the Company and the Shareholders as a whole.

### **Internal control measures for the transactions**

- (a) **Effective connected transactions management system:** The Company has formulated and strictly implemented policies such as the *Listing Affairs Management System* and *Management Measures of Connected Transactions of Sinopec Kantons Holdings Limited* to make regular assessment on the effectiveness of the related internal control systems for connected transactions, thereby ensuring that the connected transactions are conducted on a regulated basis under fair and reasonable pricing principles and transaction methods and in the interests of the Company and the Shareholders as a whole, and therefore the connected transactions entered into by the Company will be conducted under effective control and regulation via the Company's connected transaction management systems.

- (b) **Daily management of connected transactions:** The risk control department and finance department of the Company conduct monthly inspection in relation to types of connected transactions and transaction amount to assure the consistency of the types and transaction data of the connected transactions with what actually occurred, and by setting up a transaction cap warning alert, which is usually set at 80% of the annual cap set for connected transactions, the risk of exceeding the annual cap on connected transactions is effectively avoided.
- (c) **Review on risk management and internal control by the management and the audit committee of the Board:** The relevant personnel of the Company report regularly to the audit committee of the Board on the execution of connected transactions. The risk control department of the Company includes connected transactions in its scope of annual internal control assessment and includes connected transactions in its regularly prepared risk management and internal control reports to the audit committee, which also conducts an annual review of the Company's risk management and internal control systems.
- (d) **Annual review by independent non-executive Directors:** The independent non-executive Directors of the Company conduct an annual review of the continuing connected transaction agreements and the transactions thereunder and confirm that the agreements and transactions are (a) in the ordinary course of the Group's business; (b) on normal or better commercial terms; and (c) that the terms of the agreements governing the transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole.
- (e) **Annual review and confirmation by the auditor:** The auditor of the Company will review the continuing connected transactions of the Company annually and confirm to the Board that nothing has come to its attention that causes it to believe that such transactions (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies provided in the transactions involving the provision or receipt of goods or services by the Group; (c) were not carried out, in all material respects, in accordance with the relevant agreements governing such transactions; and (d) have exceeded the applicable respective annual caps.

## 2. The New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement

### ***Date***

26 October 2022

### ***Parties***

- (a) Huade, a wholly-owned subsidiary of the Company; and
- (b) Sinopec Fuel Oil.

Sinopec Fuel Oil is a wholly-owned subsidiary of Sinopec Marketing, which is held as to approximately 70.42% by Sinopec Corp. and approximately 29.58% by a group of investors who are all independent third parties each holding less than 3%. Accordingly, Sinopec Fuel Oil is a non wholly-owned subsidiary of Sinopec Corp., which indirectly wholly owns SKI, the controlling Shareholder. Sinopec Fuel Oil is therefore an associate of SKI and a connected person of the Company under Chapter 14A of the Listing Rules.

## ***Term***

Subject to obtaining the approval by the Independent Shareholders at the SGM, a term of three years commencing from 1 January 2023 to 31 December 2025.

## ***Nature of the transactions***

Pursuant to the New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement, Huade shall provide the following services and facilities to the Sinopec Fuel Oil Group:

- (i) services concerning the unloading of fuel oil, and berthing and docking of oil tankers; and
- (ii) fuel oil storage services concerning the storage of fuel oil in oil tanks, and the provision of blending and heating services.

Huade shall from time to time enter into definitive agreements with the Sinopec Fuel Oil Group with respect to the above services, for which the parties will negotiate with reference to, among other factors, laws and regulations, market conditions, normal commercial terms, trade customs and the principle of fairness.

## ***Pricing basis***

Pursuant to the New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement, the service fees payable by the Sinopec Fuel Oil Group to Huade shall be determined on the following basis:

- (i) (in respect of services governed by the State-prescribed prices) charged on the basis of the State-prescribed prices;
- (ii) (in respect of services governed by government-approved prices) subject to paragraph (iii) below, Huade can adjust the service fees with the approval of the relevant government departments upon the negotiation between relevant parties, and the Sinopec Fuel Oil Group shall provide assistance as required by Huade; and
- (iii) if the State-prescribed prices or the government-approved prices (as the case may be) of any of the above services are abolished or unavailable, the service fees payable shall be either:
  - a. the market price for the relevant service (to be determined by the parties after arm's length negotiations) with reference to (I) actual and direct costs for providing the service, (II) the prevailing market price charged by independent third parties in the vicinity providing the same or similar service, or the price charged by Huade for providing the same or similar services to other independent third parties (if applicable). For the avoidance of doubt, the service fees for the relevant service shall not be lower than (I) and (II); or

- b. if no market price is available or agreed between the parties, the service fees charged by Huade for such service on the basis of the previous applicable State-prescribed prices or government-approved prices (as the case may be), times a margin not exceeding the rate of increase of the PRC consumer price index announced by the relevant PRC authority, during the immediately preceding calendar year.

### ***Historical transaction amounts***

The following table sets out the transaction amounts received by Huade under the Existing Sinopec Fuel Oil Sales Company Limited Framework Master Agreement for each of the two years ended 31 December 2020 and 31 December 2021 and the six months ended 30 June 2022, based on unaudited management accounts:

	<b>For the year ended</b>		<b>For the six</b>
	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>months ended</b>
	<i>(approx. RMB (approx. HK\$))</i>		<b>30 June 2022</b>
Transaction amounts received by Huade	RMB48,510,000 (HK\$53,118,450)	RMB47,070,000 (HK\$51,541,650)	RMB23,650,000 (HK\$25,896,750)

None of these transaction amounts has exceeded the relevant annual caps for the corresponding financial years.

### ***Annual caps***

The following table sets out the existing annual caps of the transaction amounts estimated to be received by Huade under the Existing Sinopec Fuel Oil Sales Company Limited Framework Master Agreement for each of the two years ended 31 December 2020 and 31 December 2021 and the year ending 31 December 2022:

	<b>For the year ended</b>		<b>For the year ending</b>
	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>31 December 2022</b>
	<i>(RMB (approx. HK\$))</i>		
Existing annual caps	RMB70,000,000 (HK\$76,650,000)	RMB70,000,000 (HK\$76,650,000)	RMB70,000,000 (HK\$76,650,000)

The following table sets out the annual caps of the transaction amounts estimated to be received by Huade under the New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement for each of the three years ending 31 December 2023, 31 December 2024 and 31 December 2025:

	<b>For the year ending</b>		
	<b>31 December 2023</b>	<b>31 December 2024</b>	<b>31 December 2025</b>
	<i>(RMB (approx. HK\$))</i>		
Annual caps	RMB80,000,000 (HK\$87,600,000)	RMB80,000,000 (HK\$87,600,000)	RMB80,000,000 (HK\$87,600,000)

In arriving at the aforesaid annual caps, the following factors were taken into account: (i) the historical transaction amounts; (ii) the actual and direct costs for providing this service; (iii) the two new 5,000-tonne fuel oil terminals of Huade were officially commissioned in 2021, and the per-unit service fees may be raised during 2023-2025 after arm's length negotiations between Huade and Sinopec Fuel Oil going forward.

The payment terms of these transactions will be determined by the parties on a transaction-by-transaction basis, in accordance with market norms and on normal commercial terms, and with reference to prescriptions by and approvals of the PRC government.

### ***Reasons and benefits of the transactions***

Aiming to expand the storage and logistics business and increase the service income as well as enhance the economic benefits and profitability, Huade had invested in the construction of its new fuel oil terminals in Huizhou and the terminals had been put into operation in 2021.

The Sinopec Fuel Oil Group is specialised in fuel oil trading, which have a huge demand for fuel oil storage services. The provision of fuel oil storage services to the Sinopec Fuel Oil Group by Huade is conducive to capturing business opportunities and bringing in operating income, which create economic benefits for Huade, and therefore is in the interests of the Company and the Shareholders as a whole.

### ***Internal control measures for the transactions***

- (a) **Effective connected transactions management system:** The Company has formulated and strictly implemented policies such as the *Listing Affairs Management System* and *Management Measures of Connected Transactions of Sinopec Kantons Holdings Limited* to make regular assessment on the effectiveness of the related internal control systems for connected transactions, thereby ensuring that the connected transactions are conducted on a regulated basis under fair and reasonable pricing principles and transaction methods and in the interests of the Company and the Shareholders as a whole, and therefore the connected transactions entered into by the Company will be conducted under effective control and regulation via the Company's connected transaction management systems.
- (b) **Daily management of connected transactions:** The risk control department and finance department of the Company conduct monthly inspection in relation to types of connected transactions and transaction amount to assure the consistency of the types and transaction data of the connected transactions with what actually occurred, and by setting up a transaction cap warning alert, which is usually set at 80% of the annual cap set for connected transactions, the risk of exceeding the annual cap on connected transactions is effectively avoided.

- (c) **Review on risk management and internal control by the management and the audit committee of the Board:** The relevant personnel of the Company report regularly to the audit committee of the Board on the execution of connected transactions. The risk control department of the Company includes connected transactions in its scope of annual internal control assessment and includes connected transactions in its regularly prepared risk management and internal control reports to the audit committee, which also conducts an annual review of the Company's risk management and internal control systems.
- (d) **Annual review by independent non-executive Directors:** The independent non-executive Directors of the Company conduct an annual review of the continuing connected transaction agreements and the transactions thereunder and confirm that the agreements and transactions are (a) in the ordinary course of the Group's business; (b) on normal or better commercial terms; and (c) that the terms of the agreements governing the transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole.
- (e) **Annual review and confirmation by the auditor:** The auditor of the Company will review the continuing connected transactions of the Company annually and confirm to the Board that nothing has come to its attention that causes it to believe that such transactions (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies provided in the transactions involving the provision or receipt of goods or services by the Group; (c) were not carried out, in all material respects, in accordance with the relevant agreements governing such transactions; and (d) have exceeded the applicable respective annual caps.

## **B. DISCLOSEABLE TRANSACTIONS AND NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

### **1. The New Sinopec Finance Financial Services Framework Master Agreement**

#### ***Date***

26 October 2022

#### ***Parties***

- (a) Huade, a wholly-owned subsidiary of the Company; and
- (b) 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. As Sinopec Group Company is the holding company of Sinopec Corp., which indirectly wholly owns SKI, the controlling Shareholder, Sinopec Finance Guangzhou Branch is therefore an associate of SKI and a connected person of the Company under Chapter 14A of the Listing Rules.

## ***Term***

Subject to obtaining the approval by the Independent Shareholders at the SGM, a term of three years commencing from 1 January 2023 to 31 December 2025.

## ***Nature of the transactions***

Pursuant to the New Sinopec Finance Financial Services Framework Master Agreement, Sinopec Finance Guangzhou Branch shall provide financial services to Huade, including loan services, deposit services, entrusted loan services, bill acceptance and discount services, and transfer and relevant settlement services, settlement schemes planning services, and other financial services as requested or instructed by Huade, provided that the provision of the relevant services by Sinopec Finance Guangzhou Branch has been approved by the CBIRC and is within the business scope of Sinopec Finance Guangzhou Branch as registered with relevant Municipal Administration for Market Regulation.

Huade shall from time to time enter into definitive agreements with Sinopec Finance Guangzhou Branch with respect to the above services, for which the parties will negotiate with reference to, among other factors, laws and regulations, market conditions, normal commercial terms, trade customs and the principle of fairness.

## ***Pricing basis***

Sinopec Finance Guangzhou Branch shall adhere to the principles below in providing the aforementioned financial services to Huade:

- (i) loan services: the interest rates for loans granted to Huade by Sinopec Finance Guangzhou Branch shall be referenced to the base lending rates as announced by PBOC from time to time; and in compliance with the relevant laws and regulations, the interest rates shall not be higher than the interest rates for loans offered by other independent commercial banks to members of the Sinopec Group;
- (ii) deposit services: the interest rates for Huade's deposits with Sinopec Finance Guangzhou Branch shall be referenced to the deposit interest rates as announced by PBOC from time to time, and shall be no lower than the interest rates for deposits offered by other independent commercial banks to the members of the Sinopec Group;
- (iii) entrusted loan services: the service fees for entrusted loans shall not be higher than the fees offered by other independent commercial banks to the members of the Sinopec Group;
- (iv) bill acceptance and discount services: the rates for bill acceptance and discount services shall be referenced to the rediscount rates as announced by PBOC from time to time; and depending on market conditions, the rates shall not be higher than the discount rates offered by other independent commercial banks to the members of the Sinopec Group; and

- (v) transfer and settlement services and settlement schemes planning services: the services shall be free of charge. However, if any service charges relating to such services have been imposed by independent commercial banks on Sinopec Finance Guangzhou Branch, the same amount of service charges can be charged by Sinopec Finance Guangzhou Branch.

### ***Historical transaction amounts – Deposits services***

The following table sets out the maximum outstanding balance at any time (including any interest accrued therefrom) for the deposits placed by Huade with Sinopec Finance Guangzhou Branch under the Existing Sinopec Finance Financial Services Framework Master Agreement for each of the two years ended 31 December 2020 and 31 December 2021 and the six months ended 30 June 2022, based on unaudited management accounts:

	<b>For the year ended</b>		<b>For the six</b>
	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>months ended</b>
	<b>30 June 2022</b>		
	<i>(approx. RMB (approx. HK\$))</i>		
Maximum outstanding balance			
(including any interest accrued therefrom)	RMB50,130,000 (HK\$54,892,350)	RMB288,580,000 (HK\$315,995,110)	RMB141,990,000 (HK\$155,479,050)

None of the above amounts has exceeded the relevant annual caps for the corresponding financial years.

### ***Annual caps – Deposits services***

The following table sets out the existing annual caps in respect of the maximum outstanding balance at any time (including any interest accrued therefrom) for the deposits estimated to be placed by Huade with Sinopec Finance Guangzhou Branch under the Existing Sinopec Finance Financial Services Framework Master Agreement for each of the two years ended 31 December 2020 and 31 December 2021 and the year ending 31 December 2022:

	<b>For the year ended</b>		<b>For the year ending</b>
	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>31 December 2022</b>
	<i>(RMB (approx. HK\$))</i>		
Existing annual caps	RMB400,000,000 (HK\$438,000,000)	RMB400,000,000 (HK\$438,000,000)	RMB400,000,000 (HK\$438,000,000)

The following table sets out the annual caps in respect of the maximum outstanding balance at any time (including any interest accrued therefrom) for the deposits estimated to be placed by Huade with Sinopec Finance Guangzhou Branch under the New Sinopec Finance Financial Services Framework Master Agreement for each of the three years ending 31 December 2023, 31 December 2024 and 31 December 2025:

	<b>For the year ending</b>		
	<b>31 December 2023</b>	<b>31 December 2024</b>	<b>31 December 2025</b>
	<i>(RMB (approx. HK\$))</i>		
Annual caps	RMB400,000,000 (HK\$438,000,000)	RMB400,000,000 (HK\$438,000,000)	RMB400,000,000 (HK\$438,000,000)

In arriving at the aforesaid annual caps, the future business expansion plans, the expected increase of business volume, the expected increase of cash flow movement of Huade and the following factors have been considered by Huade:

- (i) As at 30 June 2022, trade receivables in the amount of approximately RMB497,950,000 (approximately HK\$545,255,250) was recorded by Huade and for the six months ended 30 June 2022, net cash inflow from operating activities in the amount of approximately RMB194,740,000 (approximately HK\$213,240,300) was recorded by Huade. Pursuant to the New Sinopec Finance Financial Services Framework Master Agreement, Huade will consider depositing any funds deriving from trade and other receivables and operating activities as deposits with Sinopec Finance Guangzhou Branch first, before taking into account any future investing and financing activities such as capital expenditures and dividend payouts.
- (ii) In order to strengthen the centralised management of funds and monitor the use of funds, the Sinopec Group (including the Group) will utilise the “funding pool” platform with the assistance of Sinopec Finance Guangzhou Branch. Such platform amasses the funds of the Sinopec Group (including the Group) and enables loans to be granted within the Sinopec Group (including the Group) by capitalising on the leeway arising from the difference in the time for receipt and payment of funds of members of the Sinopec Group (including the Group), with an aim to support the development of the Sinopec Group and the Group.
- (iii) Sinopec Finance and Sinopec Finance Guangzhou Branch are under the supervision of CBIRC and have been maintaining satisfactory operating results and financial positions with good risk controls and well-regulated management in the past three years. The safety standards of their settlement system reach the standards of domestic commercial banks. The collaboration between Huade and Sinopec Finance Guangzhou Branch reduces finance costs, increases interest income of deposits, lowers settlement costs and controls risks.
- (iv) There will be interest income from the deposits of Huade with Sinopec Finance Guangzhou Branch at a rate no less favourable than those offered by other independent commercial banks in the PRC.

- (v) In respect of Huade's funds settlement business at Sinopec Finance Guangzhou Branch, settlement expenses will be undertaken by Sinopec Finance Guangzhou Branch while Huade has no obligations to pay for the settlement expenses to Sinopec Finance Guangzhou Branch, save if other independent commercial banks charge Sinopec Finance Guangzhou Branch for such fees, Sinopec Finance Guangzhou Branch will charge Huade the same accordingly.
- (vi) Given that the PRC government is currently enhancing the control of outflow of capital out of mainland China, the time required for Huade to obtain approval to distribute dividends to the Company will be longer, therefore the deposits placed by Huade with Sinopec Finance Guangzhou Branch will increase for the three financial years ending 31 December 2025.

### ***Loan services and bill acceptance and discount services***

In view that the loan services and bill acceptance and discount services to be provided by Sinopec Finance Guangzhou Branch to Huade will be on normal commercial terms or better than those offered by independent third parties for comparable services in the PRC, and will not be secured by assets of Huade, such services which also constitute financial assistance received by the Group are fully exempt under Rule 14A.90 of the Listing Rules from all reporting, annual review, announcement and Independent Shareholders' approval requirements. As such, no annual caps have been set for such services.

### ***Entrustment loans and other services***

The entrustment loans and other financial services which may be provided by Sinopec Finance Guangzhou Branch to Huade will be on normal commercial terms and on terms similar to or even better than those offered by independent third parties for comparable services in the PRC. As all of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the total fees estimated to be paid by Huade to Sinopec Finance Guangzhou Branch for the entrustment loans and other financial services on an annual basis will fall within the de minimis threshold of 0.1% as stipulated under Rule 14A.76(1)(a) of the Listing Rules, such transactions are fully exempt from all reporting, annual review, announcement and Independent Shareholders' approval requirements. The Company will comply with the relevant requirements of the Listing Rules if and when such relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed the relevant threshold.

### ***Reasons and benefits of the transactions***

The New Sinopec Finance Financial Services Framework Master Agreement was entered into on the following basis:

- (i) the interest rates on loans and deposits to be offered by Sinopec Finance Guangzhou Branch to Huade will be no less favourable than those offered by other independent commercial banks in the PRC;

- (ii) Sinopec Finance and Sinopec Finance Guangzhou Branch are regulated by PBOC and CBIRC and Sinopec Finance Guangzhou Branch will provide its services in accordance with the rules and operational requirements of these regulatory authorities;
- (iii) Sinopec Finance Guangzhou Branch fully understands and is familiar with the business nature and needs of Huade. As Sinopec Finance Guangzhou Branch and Huade are both members of Sinopec Group, Sinopec Finance Guangzhou Branch can better foresee the funding needs of Huade and can offer flexible and cost-effective services to Huade;
- (iv) it is beneficial for the settlement operations for members of the Sinopec Group (including the Group), strengthening Huade's capital management and control in order to mitigate and avert operational risks;
- (v) it will reduce the time of capital in transit for Huade. It will also accelerate the turnover of cash flow and reduce transaction costs and expenses, thereby further enhancing the quality and efficiency of capital utilisation;
- (vi) Sinopec Finance Guangzhou Branch will also provide diversified financial services for Huade, which is in line with the interests of the Company and the Shareholders as a whole. The financial services provided by Sinopec Finance Guangzhou Branch are in line with market norms and are on normal commercial terms, with reference to arrangements with other independent commercial banks in the PRC;
- (vii) pursuant to the relevant regulations of PBOC and CBIRC, the customers of Sinopec Finance Guangzhou Branch are limited to entities within the Sinopec Group and its subsidiaries, including the Group, thereby reducing the risks that Sinopec Finance Guangzhou Branch may otherwise be exposed to if its customers include other entities unrelated to the Sinopec Group (including the Group); and
- (viii) Sinopec Finance Guangzhou Branch undertakes to repay deposits (including the interest income) and grant loans or entrustment loans to Huade upon Huade's requests without delay.

The Group and Sinopec Finance Guangzhou Branch have been implementing the following internal control measures to control the risks involved in depositing funds with Sinopec Finance Guangzhou Branch:

***Internal control measures for the transactions – Sinopec Finance Guangzhou Branch***

- (a) in accordance with PRC laws and regulations, Sinopec Finance Guangzhou Branch will ensure the safe and stable operation of its fund management information system, which has undergone the security test in respect of connections to online commercial banking platforms and has reached the national security standards for commercial banks;

- (b) Sinopec Finance and Sinopec Finance Guangzhou Branch will ensure their compliance with the risk monitoring indicators for financial institutions issued by CBIRC and in accordance with the PRC laws and regulations. Sinopec Group Company has also made a commitment to CBIRC for increasing the share capital of Sinopec Finance in case Sinopec Finance is in financial straits;
- (c) in accordance with the PRC laws and regulations, Sinopec Finance Guangzhou Branch will allow Huade to check the status of its deposits with Sinopec Finance Guangzhou Branch to enable Huade to monitor and ensure that the maximum outstanding balance at any time (including any interest accrued therefrom) for Huade's deposits with Sinopec Finance Guangzhou Branch does not exceed the relevant upper limit; and
- (d) if there is a breach of laws or regulations, Sinopec Finance Guangzhou Branch will inform Huade immediately and ascertain the procedures and plans to ratify and mitigate the situation.

### **Internal control measures for the transactions – The Group**

- (a) **Effective connected transactions management system:** The Company has formulated and strictly implemented policies such as the *Listing Affairs Management System* and *Management Measures of Connected Transactions of Sinopec Kantons Holdings Limited* to make regular assessment on the effectiveness of the related internal control systems for connected transactions, thereby ensuring that the connected transactions are conducted on a regulated basis under fair and reasonable pricing principles and transaction methods and in the interests of the Company and the Shareholders as a whole, and therefore the connected transactions entered into by the Company will be conducted under effective control and regulation via the Company's connected transaction management systems.
- (b) **Daily management of connected transactions:** The risk control department and finance department of the Company conduct monthly inspection in relation to types of connected transactions and transaction amount to assure the consistency of the types and transaction data of the connected transactions with what actually occurred, and by setting up a transaction cap warning alert, which is usually set at 80% of the annual cap set for connected transactions, the risk of exceeding the annual cap on connected transactions is effectively avoided.
- (c) **Review on risk management and internal control by the management and the audit committee of the Board:** The relevant personnel of the Company report regularly to the audit committee of the Board on the execution of connected transactions. The risk control department of the Company includes connected transactions in its scope of annual internal control assessment and includes connected transactions in its regularly prepared risk management and internal control reports to the audit committee, which also conducts an annual review of the Company's risk management and internal control systems.

- (d) **Annual review by independent non-executive Directors:** The independent non-executive Directors of the Company conduct an annual review of the continuing connected transaction agreements and the transactions thereunder and confirm that the agreements and transactions are (a) in the ordinary course of the Group's business; (b) on normal or better commercial terms; and (c) that the terms of the agreements governing the transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole.
- (e) **Annual review and confirmation by the auditor:** The auditor of the Company will review the continuing connected transactions of the Company annually and confirm to the Board that nothing has come to its attention that causes it to believe that such transactions (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies provided in the transactions involving the provision or receipt of goods or services by the Group; (c) were not carried out, in all material respects, in accordance with the relevant agreements governing such transactions; and (d) have exceeded the applicable respective annual caps.

The Directors consider that the above internal control measures are adequate to cover the risks involved in depositing funds with Sinopec Finance Guangzhou Branch.

## 2. **The New Century Bright Financial Services Framework Master Agreement**

### ***Date***

26 October 2022

### ***Parties***

- (a) the Company; and
- (b) Century Bright.

Century Bright is a wholly-owned subsidiary of Sinopec Group Company, the holding company of Sinopec Corp., which indirectly wholly owns SKI, the controlling Shareholder. Century Bright is therefore an associate of SKI and a connected person of the Company under Chapter 14A of the Listing Rules.

### ***Term***

Subject to obtaining the approval by the Independent Shareholders at the SGM, a term of three years commencing from 1 January 2023 to 31 December 2025.

### ***Nature of the transactions***

Pursuant to the New Century Bright Financial Services Framework Master Agreement, the Century Bright Group shall provide deposit services, credit facility services and settlement and similar services to the Group outside the PRC.

### ***Pricing basis***

In respect of deposit services, the Century Bright Group shall pay the Group interest accrued on the deposits calculated with reference to the interest rates for similar deposit services as announced by other independent commercial banks in Hong Kong from time to time. Such interest rates shall be equal to or higher than (i) the interest rates offered by the Century Bright Group to Sinopec Group Company and other members of the Sinopec Group or any independent third party in similar deposit arrangements; and (ii) the interest rates for similar deposit services as announced by other independent commercial banks in Hong Kong from time to time, whichever is higher.

The credit facility services to be provided by the Century Bright Group to the Group will be on normal commercial terms or better, and the interest rates will be determined with reference to the interest rates for similar credit facility services as offered by other independent commercial banks in Hong Kong from time to time. The relevant interest rate offered by the Century Bright Group shall be equal to or lower than: (i) the interest rates offered by the Century Bright Group to Sinopec Group Company and other members of the Sinopec Group or any independent third party for similar credit facility services; or (ii) the interest rates for similar credit facility services as offered by other independent commercial banks in Hong Kong from time to time, whichever is lower. The credit facilities offered by the Century Bright Group to the Group will not be secured by assets of the Group.

In respect of settlement and similar services, the Group shall pay the Century Bright Group service fees calculated with reference to services fees charged for similar services by other independent commercial banks in Hong Kong from time to time. Such services charges shall be equal to or lower than (i) the services charges for similar services offered by the Century Bright Group to Sinopec Group Company and other members of the Sinopec Group or any independent third party; and (ii) the services charges for similar services charged by other independent commercial banks in Hong Kong from time to time, whichever is lower.

### ***Historical transaction amounts – Deposit services***

The following table sets out the maximum outstanding balance at any time (including any interest accrued therefrom) for the deposits placed by Group with the Century Bright Group under the Existing Century Bright Financial Services Framework Master Agreement for each of the two years ended 31 December 2020 and 31 December 2021 and the six months ended 30 June 2022, based on unaudited management accounts:

	<b>For the year ended</b>		<b>For the six</b>
	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>months ended</b>
			<b>30 June 2022</b>
Maximum outstanding balance (including any interest accrued therefrom)	HK\$412,320,000	HK\$437,350,000	HK\$439,880,000

None of the above amounts has exceeded the relevant annual caps for the corresponding financial years.

### ***Annual caps – Deposit services***

The following table sets out the existing annual caps in respect of the maximum outstanding balance at any time (including any interest accrued therefrom) for the deposits estimated to be placed by the Group with the Century Bright Group under the Existing Century Bright Financial Services Framework Master Agreement for each of the two years ended 31 December 2020 and 31 December 2021 and the year ending 31 December 2022:

	<b>For the year ended</b>		<b>For the year ending</b>
	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>31 December 2022</b>
Existing annual caps	HK\$500,000,000	HK\$500,000,000	HK\$500,000,000

The following table sets out the annual caps in respect of the maximum outstanding balance at any time (including any interest accrued therefrom) for the deposits estimated to be placed by the Group with the Century Bright Group under the New Century Bright Financial Services Framework Master Agreement for each of the three years ending 31 December 2023, 31 December 2024 and 31 December 2025:

	<b>For the year ending</b>		
	<b>31 December 2023</b>	<b>31 December 2024</b>	<b>31 December 2025</b>
Annual caps	HK\$900,000,000	HK\$900,000,000	HK\$900,000,000

In arriving at the aforesaid annual caps, the historical figures of the transactions, the increase in the Group's cash and cash equivalent of HK\$5.28 billion as at 30 June 2022 from HK\$223 million as at 31 December 2019, the Group's anticipated cash flow movements, anticipated business volume and financial control and treasury management, and the requirement to settle accounts receivables from members of the Sinopec Group or any independent third party through the deposit accounts of the Group with the Century Bright Group have been considered by the Group.

### ***Credit facility services***

A credit facility of US\$500 million is expected to be granted by Century Bright Group to the Group during the term of the New Century Bright Financial Services Framework Master Agreement, renewable annually. In view that the credit facility services to be provided by the Century Bright Group to the Group will be on normal commercial terms or better than those offered by independent third parties for comparable services outside the PRC, and will not be secured by assets of the Group, such services which also constitute financial assistance received by the Group are fully exempt under Rule 14A.90 of the Listing Rules from all reporting, annual review, announcement and Independent Shareholders' approval requirements. As such, no annual caps have been set for such services.

### ***Settlement and similar services***

The settlement and similar services which may be provided by the Century Bright Group to the Group will be on normal commercial terms and on terms similar to or even better than those offered by independent third parties for comparable services outside the PRC. As all of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the total fees estimated to be paid by the Group to the Century Bright Group for settlement and similar services on an annual basis will fall within the de minimis threshold of 0.1% as stipulated under Rule 14A.76(1)(a) of the Listing Rules, such transactions are fully exempt from all reporting, annual review, announcement and Independent Shareholders' approval requirements. The Company will comply with the relevant requirements of the Listing Rules if and when such relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed the relevant threshold.

### ***Reasons for and benefits of the transactions***

The New Century Bright Financial Services Framework Master Agreement was entered into on the following basis:

- (i) the deposit interest rates to be offered by the Century Bright Group to the Group will be no less favourable than those offered by the commercial banks in Hong Kong;
- (ii) it will reduce the time of capital transit for the Group, and will accelerate the turnover of cash flow and reduce transaction costs and expenses, thereby further enhancing the quality and efficiency of capital utilisation;

- (iii) the interest rate of the credit facility to be offered by the Century Bright Group to the Group will be no less favourable than those offered by the independent third parties in Hong Kong and the credit facility will not be secured by assets of the Group; and
- (iv) the Century Bright Group will provide diversified financial services for the Group, which is in line with the interests of the Company and the Shareholders as a whole.

***Internal control measures for the transactions***

- (a) **Effective connected transactions management system:** The Company has formulated and strictly implemented policies such as the *Listing Affairs Management System* and *Management Measures of Connected Transactions of Sinopec Kantons Holdings Limited* to make regular assessment on the effectiveness of the related internal control systems for connected transactions, thereby ensuring that the connected transactions are conducted on a regulated basis under fair and reasonable pricing principles and transaction methods and in the interests of the Company and the Shareholders as a whole, and therefore the connected transactions entered into by the Company will be conducted under effective control and regulation via the Company's connected transaction management systems.
- (b) **Daily management of connected transactions:** The risk control department and finance department of the Company conduct monthly inspection in relation to types of connected transactions and transaction amount to assure the consistency of the types and transaction data of the connected transactions with what actually occurred, and by setting up a transaction cap warning alert, which is usually set at 80% of the annual cap set for connected transactions, the risk of exceeding the annual cap on connected transactions is effectively avoided. In addition, before the Company accepts any financial services from Century Bright, the Company will obtain quotations from independent financial institutions for similar services of the same duration. The Company will compare these quotations with those provided by Century Bright and decide whether to accept the quotations provided by Century Bright.
- (c) Century Bright only provides financial services to Sinopec Group (including its subsidiaries and joint ventures) and holds a Hong Kong money lender's licence and is regulated by the licensing regulatory bodies such as the Hong Kong Companies Registry and the Commissioner of Police in Hong Kong. Sinopec Group Company, the wholly-owned controlling party of Century Bright, entered into a *keepwell deed* with Century Bright, under which Sinopec Group Company undertook to ensure the payment of Century Bright's debts through various means in the event of an emergency situation where Century Bright has payment difficulties; Century Bright itself also received credit ratings of A/A2 from Standard & Poor's and Moody's.

- (d) **Review on risk management and internal control by the management and the audit committee of the Board:** The relevant personnel of the Company report regularly to the audit committee of the Board on the execution of connected transactions. The risk control department of the Company includes connected transactions in its scope of annual internal control assessment and includes connected transactions in its regularly prepared risk management and internal control reports to the audit committee, which also conducts an annual review of the Company's risk management and internal control systems.
- (e) **Annual review by independent non-executive Directors:** The independent non-executive Directors of the Company conduct an annual review of the continuing connected transaction agreements and the transactions thereunder and confirm that the agreements and transactions are (a) in the ordinary course of the Group's business; (b) on normal or better commercial terms; and (c) that the terms of the agreements governing the transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole.
- (f) **Annual review and confirmation by the auditor:** The auditor of the Company will review the continuing connected transactions of the Company annually and confirm to the Board that nothing has come to its attention that causes it to believe that such transactions (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies provided in the transactions involving the provision or receipt of goods or services by the Group; (c) were not carried out, in all material respects, in accordance with the relevant agreements governing such transactions; and (d) have exceeded the applicable respective annual caps.

## C. EXEMPT CONTINUING CONNECTED TRANSACTIONS

### 1. New Oil Product Purchase Framework Master Agreement

***Date***

26 October 2022

***Parties***

- (a) Huade, a wholly-owned subsidiary of the Company; and
- (b) China Shipping & Sinopec Shenzhen.

China Shipping & Sinopec Shenzhen is held as to 50% by each of China Shipping & Sinopec Suppliers and Sinopec Fuel Oil. China Shipping & Sinopec Suppliers is held as to 50% by each of COSCO Shipping Group and Sinopec Marketing, and Sinopec Fuel Oil is a wholly-owned subsidiary of Sinopec Marketing. Sinopec Marketing is held as to approximately 70.42% by Sinopec Corp. and approximately 29.58% by a group of investors who are all independent third parties each holding less than 3%. Accordingly, China Shipping & Sinopec Shenzhen is held as to approximately 52.81% by Sinopec Corp., 25% by COSCO Shipping Group and approximately 22.19% by the aforesaid group of investors. As Sinopec Corp. indirectly wholly owns SKI, the controlling Shareholder, China Shipping & Sinopec Shenzhen is therefore an associate of SKI and a connected person of the Company under Chapter 14A of the Listing Rules.

***Term***

Subject to obtaining the approval by the Independent Shareholders at the SGM, a term of three years commencing from 1 January 2023 to 31 December 2025.

***Nature of the transactions***

Pursuant to the New Oil Product Purchase Framework Master Agreement, China Shipping & Sinopec Shenzhen shall sell diesel to Huade as boiler fuel and bunker fuel for tugboats for the Huizhou Jetty.

***Pricing basis***

Pursuant to the New Oil Product Purchase Framework Master Agreement, the transaction price shall be determined in accordance with the State-prescribed prices of diesel published by the National Development and Reform Commission. The transaction price shall not be (i) higher than the State-prescribed prices of diesel and the prices for comparable products offered by China Shipping & Sinopec Shenzhen to independent third parties; and (ii) less favourable than the prices for comparable products offered by independent third parties to Huade.

***Historical transaction amounts***

The following table sets out the transaction amounts paid by Huade under the Existing Oil Product Purchase Framework Master Agreement for each of the two years ended 31 December 2020 and 31 December 2021 and the six months ended 30 June 2022, based on unaudited management accounts:

	<b>For the year ended</b>		<b>For the six</b>
	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>months ended</b>
	<i>(approx. RMB (approx. HK\$))</i>		<b>30 June 2022</b>
Transaction amounts paid by Huade	RMB3,080,000 (HK\$3,372,600)	RMB4,220,000 (HK\$4,620,900)	RMB1,970,000 (HK\$2,157,150)

None of the above amounts has exceeded the relevant annual caps for the corresponding financial years.

### ***Annual caps***

The following table sets out the existing annual caps of the transaction amounts estimated to be paid by Huade under the Existing Oil Product Purchase Framework Master Agreement for each of the two years ended 31 December 2020 and 31 December 2021 and the year ending 31 December 2022:

	<b>For the year ended</b>		<b>For the year ending</b>
	<b>31 December 2020</b>	<b>31 December 2021</b>	<b>31 December 2022</b>
	<i>(RMB (approx. HK\$))</i>		
Existing annual caps	RMB10,000,000 (HK\$10,950,000)	RMB10,000,000 (HK\$10,950,000)	RMB10,000,000 (HK\$10,950,000)

The following table sets out the annual caps of the transaction amounts estimated to be paid by Huade under the New Oil Product Purchase Framework Master Agreement for each of the three years ending 31 December 2023, 31 December 2024 and 31 December 2025:

	<b>For the year ending</b>		
	<b>31 December 2023</b>	<b>31 December 2024</b>	<b>31 December 2025</b>
	<i>(RMB (approx. HK\$))</i>		
Annual caps	RMB10,000,000 (HK\$10,950,000)	RMB10,000,000 (HK\$10,950,000)	RMB10,000,000 (HK\$10,950,000)

In arriving at the aforesaid annual caps, the following factors were taken into account: (i) the State-prescribed prices for diesel and its upward trend; (ii) the estimated business volume of Huade; (iii) the expected stable-to-rising demand for blending and heating services of fuel oil; and (iv) the expected increase in demand for tugboats for providing long term port facility service to third party in the future.

The payment terms of these transactions will be determined by the parties on a transaction-by-transaction basis, in accordance with market norms and on normal commercial terms, and with reference to prescriptions by and approvals of the PRC government.

### ***Reasons for and benefits of the transactions***

Diesel is used as fuel for tugboats or other mechanical equipment in the oil and petrochemical terminal business. Huade has entered into the New Oil Product Purchase Framework Master Agreement for the purchase of marine fuel oil products from China Shipping & Sinopec Shenzhen to ensure that there will be a stable supply of diesel in the vicinity of its jetty.

### ***Internal control measures for the transactions***

- (a) **Effective connected transactions management system:** The Company has formulated and strictly implemented policies such as the *Listing Affairs Management System* and *Management Measures of Connected Transactions of Sinopec Kantons Holdings Limited* to make regular assessment on the effectiveness of the related internal control systems for connected transactions, thereby ensuring that the connected transactions are conducted on a regulated basis under fair and reasonable pricing principles and transaction methods and in the interests of the Company and the Shareholders as a whole, and therefore the connected transactions entered into by the Company will be conducted under effective control and regulation via the Company's connected transaction management systems.
- (b) **Daily management of connected transactions:** The risk control department and finance department of the Company conduct monthly inspection in relation to types of connected transactions and transaction amount to assure the consistency of the types and transaction data of the connected transactions with what actually occurred, and by setting up a transaction cap warning alert, which is usually set at 80% of the annual cap set for connected transactions, the risk of exceeding the annual cap on connected transactions is effectively avoided.
- (c) **Review on risk management and internal control by the management and the audit committee of the Board:** The relevant personnel of the Company report regularly to the audit committee of the Board on the execution of connected transactions. The risk control department of the Company includes connected transactions in its scope of annual internal control assessment and includes connected transactions in its regularly prepared risk management and internal control reports to the audit committee, which also conducts an annual review of the Company's risk management and internal control systems.
- (d) **Annual review by independent non-executive Directors:** The independent non-executive Directors of the Company conduct an annual review of the continuing connected transaction agreements and the transactions thereunder and confirm that the agreements and transactions are (a) in the ordinary course of the Group's business; (b) on normal or better commercial terms; and (c) that the terms of the agreements governing the transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole.
- (e) **Annual review and confirmation by the auditor:** The auditor of the Company will review the continuing connected transactions of the Company annually and confirm to the Board that nothing has come to its attention that causes it to believe that such transactions (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies provided in the transactions involving the provision or receipt of goods or services by the Group; (c) were not carried out, in all material respects, in accordance with the relevant agreements governing such transactions; and (d) have exceeded the applicable respective annual caps.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, Sinopec Group Company is a controlling shareholder of Sinopec Corp., which indirectly held the entire issued share capital of SKI. Sinopec Group Company is therefore an indirect controlling Shareholder.

As each of Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company, Sinopec Petroleum Marketing Company, Sinopec Finance Guangzhou Branch, Century Bright and Sinopec Fuel Oil is either a branch company or a subsidiary (as the case may be) of Sinopec Group Company or Sinopec Corp (as the case may be), it is an associate of SKI and a connected person of the Company under Chapter 14A of the Listing Rules.

China Shipping & Sinopec Shenzhen is ultimately held as to approximately 52.81% by Sinopec Corp., 25% by COSCO Shipping Group and approximately 22.19% by a group of investors who are all independent third parties each holding less than 3%. Sinopec Corp. indirectly wholly owns SKI, the controlling Shareholder. China Shipping & Sinopec Shenzhen is therefore an associate of SKI and a connected person of the Company under Chapter 14A of the Listing Rules.

Accordingly, the transactions contemplated under each of the New Framework Master Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

### **Non-exempt Continuing Connected Transactions and Discloseable Transactions (where applicable)**

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps for the transactions contemplated under each of the New Non-exempt Framework Master Agreements are more than 5%, such agreements are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will also disclose the relevant details in its next published annual report in accordance with the relevant requirements as set out in Rule 14A.49 of the Listing Rules.

In respect of the New Sinopec Finance Financial Services Framework Master Agreement and the New Century Bright Financial Services Framework Master Agreement:

- (i) the provision of deposit services to the Group by the Sinopec Finance Guangzhou Branch and the Century Bright Group (as the case may be) thereunder also constitute financial assistance to be provided by the Group to the Sinopec Finance Guangzhou Branch and the Century Bright Group (as the case may be) under Rule 14.04(1)(e) of 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 aggregate transaction amounts for such transactions on an annual basis under such agreements (if required to be aggregated) are more than 5% but all of which are below 25%, such transactions also constitute discloseable transactions of the Company, and are therefore subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules;

- (ii) in view that 1) the loan services and bill acceptance and discount services to be provided by Sinopec Finance Guangzhou Branch to Huade and 2) the credit facility services to be provided by the Century Bright Group to the Group will be on normal commercial terms or better than those offered by independent third parties for comparable services in the PRC and outside the PRC (as the case may be), and will not be secured by assets of Huade and the Group (as the case may be), such services which also constitute financial assistance received by the Group are fully exempt under Rule 14A.90 of the Listing Rules from reporting, annual review, announcement and Independent Shareholders' approval requirements. As such, no annual caps have been set for such services; and
- (iii) in view that 1) the entrustment loans and other financial services to be provided by Sinopec Finance Guangzhou Branch to Huade and 2) the settlement and similar services to be provided by the Century Bright Group to the Group will be on normal commercial terms and on terms similar to or even better than those offered by independent third parties for comparable services in the PRC and outside the PRC (as the case may be), and that all of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the total fees estimated to be paid by Huade to Sinopec Finance Guangzhou Branch and by the Group to the Century Bright Group (as the case may be) for such services on an annual basis fall within the de minimis threshold of 0.1% as stipulated under Rule 14A.76(1)(a) of the Listing Rules, such transactions are fully exempt from all reporting, annual review, announcement and Independent Shareholders' approval requirements. The Company will comply with the relevant requirements of the Listing Rules if and when such relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed the relevant threshold.

### **Exempt Continuing Connected Transaction**

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps for the transactions contemplated under the New Oil Product Purchase Framework Master Agreement are more than 0.1% but all are less than 5%, the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempt from the shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **GENERAL**

The Company will convene the SGM to seek Independent Shareholders' approval on the New Non-exempt Framework Master Agreements and the transactions contemplated thereunder.

Since SKI is considered to have a material interest in the transactions contemplated under the New Non-exempt Framework Master Agreements, it will abstain from voting on the resolution(s) in respect of the New Non-exempt Framework Master Agreements and the transactions contemplated thereunder (including the annual caps) at the SGM.

In addition, as certain executive Directors, including Mr. Chen Yaohuan, Mr. Zhong Fuliang, Mr. Mo Zhenglin, Mr. Yang Yanfei, Mr. Zou Wenzhi and Mr. Ren Jiajun are considered to have a material interest in the transactions contemplated under the New Non-exempt Framework Master Agreements due to their other executive posts within the Sinopec Group, they have abstained from voting on the board resolution(s) to approve such agreements.

The Company has established the Independent Board Committee comprising the four independent non-executive Directors, namely Ms. Tam Wai Chu, Maria, Mr. Fong Chung, Mark, Dr. Wong Yau Kar, David and Ms. Wong Pui Sze, Priscilla, to consider and advise the Independent Shareholders on the New Non-exempt Framework Master Agreements and the transactions contemplated thereunder (including the annual caps thereunder). The Company has appointed Somerley Capital Limited as the Independent Financial Adviser to advise and make recommendations to the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (1) further details of the New Non-exempt Framework Master Agreements and the transactions contemplated thereunder; (2) a letter from the Independent Board Committee; (3) a letter of advice from the Independent Financial Adviser; and (4) a notice of the SGM, is expected to be despatched to the Shareholders as soon as practicable in compliance with the Listing Rules.

## **THE DIRECTORS' VIEWS**

The Directors (other than the Directors who have abstained from voting) are of the view that the New Non-exempt Framework Master Agreements are on normal commercial terms and are entered into in the ordinary and usual course of business of the Group on arm's length basis, the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the factors stated in this announcement.

The Directors (including the independent non-executive Directors but excluding the Directors who have abstained from voting) are of the view that the New Oil Product Purchase Framework Master Agreement is on normal commercial terms and entered into in the ordinary and usual course of business of the Group on arm's length basis, the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the factors stated in this announcement.

## **INFORMATION OF PARTIES TO THE NEW FRAMEWORK MASTER AGREEMENTS**

### **The Group**

The Company, a non wholly-owned subsidiary of Sinopec Corp., was an exempted company incorporated in Bermuda with limited liability and the Shares are listed on the Stock Exchange. The principal activities of the Group include, among others, the operation of crude oil and oil products terminals and their ancillary facilities and the provision of logistics services including storage, logistics, transportation and terminal services on a global basis.

Huade, a wholly-owned subsidiary of the Company, was incorporated under the laws of the PRC with limited liability. It is principally engaged in the provision of crude oil transportation, unloading, storage and other jetty services for oil tankers.

### **Other parties**

Sinopec Guangzhou Branch is a branch company of Sinopec Corp. incorporated under the laws of the PRC, which is principally engaged in the business of oil refining and petrochemical productions. Its marketing distribution network covers the whole South China area with some of the products exported to Southeast Asian countries.

Sinopec Petroleum Reserve Company is a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of Sinopec Group Company, which is principally engaged in the sale and storage of crude oil, the import and export of petrochemical products and the construction of oil reserve facilities.

Sinopec Petroleum Marketing Company is a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of Sinopec Corp., which is principally engaged in the wholesale of crude oil and the storage and distribution of crude oil, petroleum, natural gas and other oil products.

Sinopec Finance Guangzhou Branch is a branch company of Sinopec Finance. Sinopec Finance Guangzhou Branch and Sinopec Finance were established in the PRC as non-banking financial institutions and are regulated by PBOC and CBIRC. Sinopec Finance Guangzhou Branch is principally engaged in the provision of financial services, including but not limited to deposit services, loan services, entrusted loan services and entrusted investment services, in accordance with the rules and operational requirements of the relevant regulatory authorities.

Century Bright is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Sinopec Group Company, which is principally engaged in providing settlement and similar services and taking deposits from members of the Sinopec Group outside the PRC, and conducting intra group loan transactions. It is a money lender registered under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

Sinopec Fuel Oil is a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of Sinopec Marketing, which is held as to approximately 70.42% by Sinopec Corp., and approximately 29.58% by a group of investors who are all independent third parties each holding less than 3%. Sinopec Fuel Oil is principally engaged in the marketing and distribution of refined petroleum products. It also optimises markets and resources domestically and internationally, which broadens resource channels, and promotes fuel oil purchase and distribution. Its extensive marketing network includes branch companies in coastal provinces and municipalities of Tianjin, Shandong, Shanghai, Jiangsu, Zhejiang, Fujian and Guangdong in the PRC as well as regional companies and sales subsidiaries.

China Shipping & Sinopec Shenzhen is a company established under the laws of the PRC with limited liability and owned as to 50% by each of China Shipping & Sinopec Suppliers and Sinopec Fuel Oil. It is principally engaged in the provision of various marine fuels, the sale of petrochemical equipment and related advisory services.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“2019 Announcement”	the announcement of the Company dated 21 October 2019 in relation to, among others, the Existing Framework Master Agreements and the transactions contemplated thereunder
“2019 Circular”	the circular of the Company dated 11 November 2019 in relation to, among others, the Existing Framework Master Agreements and the transactions contemplated thereunder
“Board”	the board of Directors
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“Century Bright”	Sinopec Century Bright Capital Investment Limited (中國石化盛駿國際投資有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Sinopec Group Company
“Century Bright Group”	Century Bright and its subsidiaries
“China Shipping & Sinopec Shenzhen”	中石化中海深圳船舶燃料有限公司 (China Shipping & Sinopec Shenzhen Marine Bunker Co., Ltd.*), a limited liability company established under the laws of the PRC and owned as to 50% by each of China Shipping & Sinopec Suppliers and Sinopec Fuel Oil
“China Shipping & Sinopec Suppliers”	中石化中海船舶燃料供應有限公司 (China Shipping & Sinopec Suppliers Co., Ltd.*), a limited liability company established under the laws of the PRC and owned by Sinopec Corp, COSCO Shipping Group and a group of investors who are all independent third parties
“Company”	Sinopec Kantons Holdings Limited (中石化冠德控股有限公司 *), an exempted company incorporated in Bermuda with limited liability, the Shares are listed on the Main Board of the Stock Exchange

“COSCO Shipping Group”	China COSCO SHIPPING Corporation Limited (中國遠洋海運集團有限公司), a PRC state-owned enterprise with limited liability, was formed by the merger of China Ocean Shipping (Group) Company and China Shipping (Group) Company
“Director(s)”	the director(s) of the Company
“Existing Crude Oil Jetty and Storage Services Framework Master Agreement”	the agreement dated 21 October 2019 entered into between Huade, Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and Sinopec Pipeline Storage and Transportation Branch Company, details of which are disclosed in the 2019 Announcement and the 2019 Circular, as amended by a supplemental agreement dated 30 September 2020 whereby Sinopec Pipeline Storage and Transportation Branch Company assigned all its rights and obligations under the Existing Crude Oil Jetty and Storage Services Framework Master Agreement to Sinopec Petroleum Marketing Company
“Existing Century Bright Financial Services Framework Master Agreement”	the agreement dated 21 October 2019 entered into between the Company and Century Bright, details of which are disclosed in the 2019 Announcement and the 2019 Circular
“Existing Framework Master Agreements”	collectively, the Existing Crude Oil Jetty and Storage Services Framework Master Agreement, the Existing Sinopec Fuel Oil Sales Company Limited Framework Master Agreement, the Existing Sinopec Finance Financial Services Framework Master Agreement, the Existing Century Bright Financial Services Framework Master Agreement, and the Existing Oil Product Purchase Framework Master Agreement
“Existing Oil Product Purchase Framework Master Agreement”	the agreement dated 21 October 2019 entered into between Huade and China Shipping & Sinopec Shenzhen, details of which are disclosed in the 2019 Announcement and the 2019 Circular
“Existing Sinopec Finance Financial Services Framework Master Agreement”	the agreement dated 21 October 2019 entered into between Huade and Sinopec Finance, details of which are disclosed in the 2019 Announcement and the 2019 Circular
“Existing Sinopec Fuel Oil Sales Company Limited Framework Master Agreement”	the agreement dated 21 October 2019 entered into between Huade and Sinopec Fuel Oil, details of which are disclosed in the 2019 Announcement and the 2019 Circular
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Huade”	惠州市大亞灣華德石化有限公司 (Huizhou Daya Bay Huade Petrochemical Company Limited*), a company incorporated under the laws of the PRC with limited liability, and a wholly-owned subsidiary of the Company
“Huizhou Jetty”	the Huizhou Crude Oil Jetty Complex, including its oil tanker handling, crude oil unloading, storage and pipeline transmission facilities, which are located on Mabianzhou Island (馬鞭洲島) in the Daya Bay Economic and Technological Development Zone (大亞灣經濟技術開發區) in Huizhou (惠州), Guangdong Province, the PRC, which is owned and operated by the Group through Huade
“Independent Board Committee”	the independent board committee of the Board, comprising all independent non-executive Directors, namely Ms. Tam Wai Chu, Maria, Mr. Fong Chung, Mark, Dr. Wong Yau Kar, David and Ms. Wong Pui Sze, Priscilla, established for the purpose of considering and advising the Independent Shareholders on the New Non-exempt Framework Master Agreements and the transactions contemplated thereunder
“Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Non-exempt Framework Master Agreements and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than SKI and, if any, any other Shareholder(s) who has a material interest and is required to abstain from voting on the relevant resolution(s) at the SGM pursuant to the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Century Bright Financial Services Framework Master Agreement”	the agreement dated 26 October 2022 entered into between the Company and Century Bright, details of which are disclosed in the paragraph headed “B. DISCLOSEABLE TRANSACTIONS AND NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS – 2. The New Century Bright Financial Services Framework Master Agreement” in this announcement

“New Crude Oil Jetty and Storage Services Framework Master Agreement”	the agreement dated 26 October 2022 entered into between Huade and Sinopec Guangzhou Branch, Sinopec Petroleum Reserve Company and Sinopec Petroleum Marketing Company, details of which are disclosed in the paragraph headed “A. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS – 1. The New Crude Oil Jetty and Storage Services Framework Master Agreement” in this announcement
“New Framework Master Agreements”	collectively, the New Crude Oil Jetty and Storage Services Framework Master Agreement, the New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement, the New Sinopec Finance Financial Services Framework Master Agreement, the New Century Bright Financial Services Framework Master Agreement, and the New Oil Product Purchase Framework Master Agreement
“New Non-exempt Framework Master Agreements”	collectively, the New Crude Oil Jetty and Storage Services Framework Master Agreement, the New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement, the New Sinopec Finance Financial Services Framework Master Agreement, and the New Century Bright Financial Services Framework Master Agreement
“New Oil Product Purchase Framework Master Agreement”	the agreement dated 26 October 2022 entered into between Huade and China Shipping & Sinopec Shenzhen, details of which are disclosed in the paragraph headed C. EXEMPT CONTINUING CONNECTED TRANSACTIONS – 1. The New Oil Product Purchase Framework Master Agreement” in this announcement
“New Sinopec Finance Financial Services Framework Master Agreement”	the agreement dated 26 October 2022 entered into between Huade and Sinopec Finance Guangzhou Branch, details of which are disclosed in the paragraph headed “B. DISCLOSEABLE TRANSACTIONS AND NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS – 1. The New Sinopec Finance Financial Services Framework Master Agreement” in this announcement
“New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement”	the agreement dated 26 October 2022 entered into between Huade and Sinopec Fuel Oil, details of which are disclosed in the paragraph headed “A. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS – 2. The New Sinopec Fuel Oil Sales Company Limited Framework Master Agreement” in this announcement
“PBOC”	People’s Bank of China (中國人民銀行)

“PRC”	the People’s Republic of China, which for the purposes of this announcement and for geographical reference purposes (unless otherwise indicated) excludes Taiwan, the Macau Special Administrative Region and Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting to be convened for the purpose of considering, and if thought fit, passing ordinary resolutions regarding the entering into of the New Non-exempt Framework Master Agreements
“Share(s)”	the ordinary share(s) of the Company with a nominal value of HK\$0.10 each
“Shareholder(s)”	the holder(s) of the Share(s)
“Sinopec Corp.”	China Petroleum & Chemical Corporation (中國石油化工股份有限公司) (stock code: 386), a joint stock limited liability company incorporated in the PRC, the shares of which are listed on the Stock Exchange and the stock exchanges of Shanghai and London, the indirect controlling Shareholder holding approximately 60.33% of the issued share capital of the Company
“Sinopec Finance”	中國石化財務有限責任公司 (Sinopec Finance Company Limited*), a company incorporated under the laws of the PRC with limited liability and is owned as to 51% by Sinopec Group Company and 49% by Sinopec Corp.
“Sinopec Finance Group”	Sinopec Finance and its subsidiaries
“Sinopec Finance Guangzhou Branch”	中國石化財務有限責任公司廣州分公司 (Sinopec Finance Company Limited Guangzhou Branch*), a branch company of Sinopec Finance
“Sinopec Fuel Oil”	中國石化燃料油銷售有限公司 (Sinopec Fuel Oil Sales Company Limited*), a company incorporated under the laws of the PRC with limited liability and a non wholly-owned subsidiary of Sinopec Corp.
“Sinopec Fuel Oil Group”	Sinopec Fuel Oil and its subsidiaries

“Sinopec Group”	Sinopec Group Company, its subsidiaries and its associated companies and affiliates, and “member of the Sinopec Group” shall mean any one of them (including the Company) unless otherwise stated in this announcement
“Sinopec Group Company”	China Petrochemical Corporation (中國石油化工集團有限公司, formerly known as 中國石油化工總公司), an enterprise established under the laws of the PRC, being the controlling shareholder of Sinopec Corp. and the ultimate controlling Shareholder
“Sinopec Guangzhou Branch”	中國石油化工股份有限公司廣州分公司 (China Petroleum & Chemical Corporation Guangzhou Branch*), a branch company of Sinopec Corp. incorporated under the laws of the PRC
“Sinopec Marketing”	中國石化銷售股份有限公司 (Sinopec Marketing Co., Ltd.*), a company incorporated under the laws of the PRC and a non wholly-owned subsidiary of Sinopec Corp.
“Sinopec Petroleum Marketing Company”	中石化石油銷售有限責任公司 (Sinopec Petroleum Marketing Company Limited*), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of Sinopec Corp.
“Sinopec Petroleum Reserve Company”	中國石化集團石油商業儲備有限公司 (Sinopec Petroleum Reserve Company Limited*), a company incorporated under the laws of the PRC with limited liability and a wholly-owned subsidiary of Sinopec Group Company
“SKI”	Sinopec Kantons International Limited, a company incorporated with limited liability in the British Virgin Islands, being the controlling Shareholder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

*In this announcement, unless the context otherwise requires, the terms “associate(s)”, “connected person(s)”, “continuing connected transaction(s)”, “controlling shareholder(s)” and “subsidiary(ies)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.*

*Translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.000 to HK\$1.095 for information purposes only. Such translation should not be constructed as representations that the relevant amounts have been, could have been, or could be converted at that rate or any other rate or at all.*

*\* The English translation of the names of companies incorporated or established in the PRC referred to in this announcement is for reference only. The official names of those companies are in Chinese.*

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

Hong Kong, 26 October 2022

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

***Executive Directors:***

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

***Independent non-executive Directors:***

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