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## THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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*If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.*

*If you have sold or transferred all your shares in SINOPEC Engineering (Group) Co., Ltd., you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.*

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### 中石化炼化工程(集团)股份有限公司 SINOPEC Engineering (Group) Co., Ltd.\*

*(a joint stock limited liability company incorporated in the People's Republic of China)*  
(Stock Code: 2386)

**REPORT OF BOARD OF DIRECTORS FOR THE YEAR 2016**  
**REPORT OF SUPERVISORY COMMITTEE FOR THE YEAR 2016**  
**AUDITED FINANCIAL STATEMENTS FOR THE YEAR 2016**  
**PROPOSED FINAL DIVIDEND DISTRIBUTION PLAN FOR THE YEAR 2016**  
**PROPOSED AUTHORISATION TO THE BOARD TO DETERMINE**  
**THE INTERIM PROFIT DISTRIBUTION PLAN FOR THE YEAR 2017**  
**PROPOSED RE-APPOINTMENT OF DOMESTIC AUDITOR AND INTERNATIONAL**  
**AUDITOR OF THE COMPANY FOR THE YEAR 2017 AND AUTHORISATION**  
**TO THE BOARD TO FIX THEIR REMUNERATION FOR THE YEAR 2017**  
**PROPOSED BUSINESS OPERATION PLAN, INVESTMENT PLAN AND**  
**FINANCIAL BUDGET FOR THE YEAR 2017**  
**GENERAL MANDATE TO REPURCHASE DOMESTIC SHARES AND/OR H SHARES**  
**GENERAL MANDATE TO ISSUE DOMESTIC SHARES AND/OR H SHARES**

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A letter from the Board is set out on pages 5 to 14 of this circular.

An extract of the notice convening the AGM, the Domestic Share Class Meeting and the H Share Class Meeting to be held at the V-Continent Beijing Parkview Wuzhou Hotel, 8 Beisihuan Zhong Lu, Chaoyang District, Beijing, the PRC at 9 a.m. on Tuesday, 16 May 2017 is set out on pages 15 to 25 of this circular.

If you intend to attend the AGM, the Domestic Share Class Meeting and/or the H Share Class Meeting, please complete and return the enclosed reply slip in accordance with the instructions printed thereon as soon as possible and in any event by Wednesday, 26 April 2017.

Whether or not you are able to attend the AGM, the Domestic Share Class Meeting and/or the H Share Class Meeting, please complete and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time scheduled for holding the AGM (or any adjourned meeting thereof). Completion and delivery of the proxy form shall not preclude you from attending and voting at the AGM or any adjournment thereof should you so wish.

\* For identification purposes only.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings.*

“AGM”	the annual general meeting of the Company for the year 2016 to be convened and held on 16 May 2017
“AGM Notice”	the notice for convening the AGM set out on pages 15 to 17 of this circular
“Articles”	the articles of association of the Company, as amended, supplemented or otherwise modified from time to time
“associate(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Board of Directors” or “Board”	the board of directors of the Company
“Company”	SINOPEC Engineering (Group) Co., Ltd., a joint stock limited liability company incorporated under the laws of the PRC on 28 August 2012, which is listed on the Hong Kong Stock Exchange (Stock Code: 2386)
“Company Law”	the Company Law of the People’s Republic of China (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Twelfth National People’s Congress on 28 December 2013 and effective on 1 March 2014 (as amended, supplemented or otherwise modified from time to time)
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) of the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted Shares which are currently not listed or traded on any stock exchange
“Domestic Share Class Meeting”	the first class meeting for Domestic Shareholder(s) for the year 2017 to be held on 16 May 2017
“Domestic Share Class Meeting Notice”	the notice for convening the Domestic Share Class Meeting set out on pages 18 to 21 of this circular

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## DEFINITIONS

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“Domestic Shareholder(s)”	the Shareholder(s) who/which hold Domestic Share(s)
“Extra Amount”	has the meaning ascribed thereto under the paragraph headed “Proposed final dividend distribution plan for the year 2016” in this circular
“Final Dividend”	has the meaning ascribed thereto under the section headed “Proposed final dividend distribution plan for the year 2016” in this circular
“General Mandate”	a general mandate to be granted to the Board for issuing Domestic Shares and/or H Shares representing up to the limit of 20% of each of the aggregate nominal values of the Domestic Shares or H Shares, respectively, in issue on the date of passing the relevant resolution by the Shareholders
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign invested ordinary share(s) of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Hong Kong Stock Exchange
“H Share Class Meeting”	the first class meeting for H Shareholders for the year 2017 to be held on 16 May 2017
“H Share Class Meeting Notice”	the notice for convening the H Share Class Meeting set out on pages 22 to 25 of this circular
“H Shareholder(s)”	the Shareholder(s) who/which hold H Share(s)
“HK\$”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	24 March 2017, being the latest practicable date for ascertaining certain information before the printing of this circular
“PBOC”	People’s Bank of China (中國人民銀行)

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## DEFINITIONS

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“PRC” or “the People’s Republic of China”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau Special Administration Region of the PRC and Taiwan
“Receiving Agent”	has the meaning ascribed thereto under the paragraph headed “Proposed final dividend distribution plan for the year 2016” in this circular
“Record Date”	Monday, 29 May 2017
“Repurchase Mandate”	subject to the conditions set out in the proposed resolution approving the Repurchase Mandate at each of the AGM, the Domestic Share Class Meeting and the H Share Class Meeting, the general mandate to be granted to the Board to exercise the power of the Company to repurchase Domestic Shares and/or H Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of Domestic Shares and/or H Shares in issue as at the date of the passing of the relevant resolution as set out in the AGM Notice, the Domestic Share Class Meeting Notice and the H Share Class Meeting Notice
“RMB”	the lawful currency of the PRC
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局) or its successor authority
“SAMC”	Sinopec Assets Management Co., Ltd. (中國石化集團資產經營管理有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Sinopec Group
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Sinopec Group”	China Petrochemical Corporation (中國石油化工集團公司), a state-owned enterprise incorporated under the laws of the PRC and established in July 1998 upon reorganisation of the former China Petrochemical Corporation (中國石油化工總公司), and the Company’s controlling shareholder
“Southbound Trading”	has the meaning ascribed thereto under the section headed “Proposed final dividend distribution plan for the year 2016” in this circular

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## DEFINITIONS

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“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“substantial shareholder(s)”	has the meaning ascribed thereto in the Hong Kong Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the Company’s supervisory committee
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission, as amended, supplemented or otherwise modified from time to time
“United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	the lawful currency of the United States
“%”	percentage ratio

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LETTER FROM THE BOARD

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中石化煉化工程(集團)股份有限公司  
**SINOPEC Engineering (Group) Co., Ltd.\***

*(a joint stock limited liability company incorporated in the People's Republic of China)*  
(Stock Code: 2386)

*Executive Directors:*

LU Dong (陸東) (*Vice Chairman*)  
XIANG Wenwu (向文武)  
SUN Lili (孫麗麗) (*Employee Representative Director*)  
WU Derong (吳德榮) (*Employee Representative Director*)

*Non-executive Directors:*

LING Yiqun (凌逸群) (*Chairman*)  
LI Guoqing (李國清)

*Independent non-executive Directors:*

HUI Chiu Chung, Stephen (許照中)  
JIN Yong (金涌)  
YE Zheng (葉政)

30 March 2017

*To the Shareholders*

Dear Sir or Madam,

**REPORT OF BOARD OF DIRECTORS FOR THE YEAR 2016**  
**REPORT OF SUPERVISORY COMMITTEE FOR THE YEAR 2016**  
**AUDITED FINANCIAL STATEMENTS FOR THE YEAR 2016**  
**PROPOSED FINAL DIVIDEND DISTRIBUTION PLAN FOR THE YEAR 2016**  
**PROPOSED AUTHORISATION TO THE BOARD TO DETERMINE**  
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**GENERAL MANDATE TO REPURCHASE DOMESTIC SHARES AND/OR H SHARES**  
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\* For identification purposes only.

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## LETTER FROM THE BOARD

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### I. INTRODUCTION

The purpose of this circular is to provide you with, among other things, further information in relation to the following resolutions to be proposed at the AGM, the Domestic Share Class Meeting and the H Share Class Meeting (if applicable):

1. to consider and approve the report of the Board for the year 2016;
2. to consider and approve the report of the Supervisory Committee for the year 2016;
3. to consider and approve the audited financial statements for the year 2016;
4. to consider and approve the final dividend distribution plan for the year 2016;
5. to consider and approve the authorisation to the Board to determine the interim profit distribution plan of the Company for the year 2017;
6. to consider and approve the re-appointment of Grant Thornton China (Special General Partnership) and Grant Thornton Hong Kong Limited as the domestic auditor and the international auditor of the Company, respectively, to hold office until the conclusion of the next annual general meeting of the Company and the authorisation to the Board to fix their remuneration for the year 2017;
7. to consider and approve the business operation plan, investment plan and financial budget for the year 2017;
8. to consider and approve the grant to the Board of a general mandate to repurchase Domestic Shares and/or H Shares; and
9. to consider and approve the grant to the Board of a general mandate to issue Domestic Shares and/or H Shares.

### II. REPORT OF THE BOARD FOR THE YEAR 2016

An ordinary resolution will be proposed at the AGM to consider and approve the report of the Board for the year 2016, the text of which is set out in the Company's annual report for the year 2016 published on 20 March 2017.

### III. REPORT OF THE SUPERVISORY COMMITTEE FOR THE YEAR 2016

An ordinary resolution will be proposed at the AGM to consider and approve the report of the Supervisory Committee for the year 2016, the text of which is set out in the Company's annual report for the year 2016 published on 20 March 2017.



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## LETTER FROM THE BOARD

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### IV. AUDITED FINANCIAL STATEMENTS FOR THE YEAR 2016

An ordinary resolution will be proposed at the AGM to consider and approve the Company's audited financial statements for the year 2016, the text of which is set out in the Company's annual report for the year 2016 published on 20 March 2017.

### V. PROPOSED FINAL DIVIDEND DISTRIBUTION PLAN FOR THE YEAR 2016

#### 1. Proposed final dividend distribution plan for the year 2016

On 17 March 2017, the Board approved the final dividend (the "**Final Dividend**") distribution plan for the year 2016. In accordance with the Articles, the profits attributable to Shareholders shall be the lower of the Company's profits after taxation calculated pursuant to the PRC Accounting Standards for Business Enterprises and the International Financial Reporting Standards. For the year 2016, the total amount of the Company's net profits attributable to Shareholders calculated pursuant to the International Financial Reporting Standards shall be RMB1.663 billion. After due consideration of return to Shareholders as well as the long-term interests of the Company, the aggregate amount of the dividends to be distributed by the Company for the year 2016 in cash is proposed to be approximately RMB0.664 billion. Pursuant to this plan, after deduction of the interim dividends for the year 2016 in the total amount of approximately RMB0.319 billion paid by the Company, the aggregate amount of the Final Dividend shall be approximately RMB0.345 billion. Based on 4,428,000,000 Shares, being the total share capital of the Company as at 31 December 2016, the Final Dividend of RMB0.078 (inclusive of applicable tax) per Share shall be payable to all Shareholders.

The Final Dividend will be denominated and declared in Renminbi. The Domestic Shareholders will be paid in Renminbi and the H Shareholders will be paid in Hong Kong dollars. The exchange rate for the Final Dividend to be paid in Hong Kong dollars will be the mean of the exchange rates of Hong Kong dollars to Renminbi as announced by the PBOC during the five business days prior to the date of declaration of the Final Dividend.

The Company will appoint a receiving agent in Hong Kong (the "**Receiving Agent**") and will pay to such Receiving Agent the Final Dividend (after deductions of relevant tax, if applicable) declared for payment to H Shareholders. The Final Dividend will be paid by the Receiving Agent on or before Friday, 14 July 2017. The cheques will be despatched to H Shareholders by ordinary post at their own risks.

An ordinary resolution will be proposed at the AGM to consider and approve the above final dividend distribution plan. The payment of the Final Dividend is subject to the Shareholders' approval at the AGM.

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## LETTER FROM THE BOARD

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### 2. Closure of Register of Members for H Shares

The Final Dividend will be paid on or before Friday, 14 July 2017 to all Shareholders whose names appear on the register of members of the Company at the close of business on Monday, 29 May 2017 (the “**Record Date**”). In order to qualify for the Final Dividend, the H Shareholders must lodge all share certificates accompanied by the transfer documents with Computershare Hong Kong Investor Services Ltd. (address: Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong) before 4:30 p.m. on Tuesday, 23 May 2017 for registration. For the purpose of ascertaining Shareholders who qualify for the Final Dividend, the register of members for H Shares will be closed from Wednesday, 24 May 2017 to Monday, 29 May 2017 (both days inclusive).

### 3. Taxation

In accordance with the Enterprise Income Tax Law of the People’s Republic of China (中華人民共和國企業所得稅法) and its implementation regulations which came into effect on 1 January 2008, the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise Shareholders whose names appear on the register of members for H Shares when distributing the cash dividends. Any H Shares not registered under the name of an individual Shareholder, including HKSCC Nominees Limited, other nominees, agents or trustees, or other organisations or groups, shall be deemed as Shares held by non-resident enterprise Shareholders. Therefore, on this basis, enterprise income tax shall be withheld from dividends payable to such Shareholders. If H Shareholders intend to change their shareholder status, please enquire about the relevant procedures with their agents or trustees. The Company will strictly comply with the law or the requirements of the relevant government authority and withhold and pay enterprise income tax on behalf of the relevant Shareholders based on the register of members for H Shares as at the Record Date.

If the individual H Shareholders are Hong Kong or Macau residents or residents of the countries which had an agreed tax rate of 10% for the cash dividends to them with PRC under the relevant tax agreement, the Company should withhold and pay individual income tax on behalf of the relevant Shareholders at a rate of 10%. Should the individual H Shareholders be residents of the countries which had an agreed tax rate of less than 10% with PRC under the relevant tax agreement, the Company shall withhold and pay individual income tax on behalf of the relevant shareholders at a rate of 10%. In that case, if the relevant individual H Shareholders wish to reclaim the extra amount withheld (the “**Extra Amount**”) due to the application of 10% tax rate, the Company can apply for the relevant agreed preferential tax treatment provided that the relevant Shareholders submit the evidence required by the notice of the tax agreement to the H share register of the Company within the timeline set out below. The Company will assist with the tax refund after the approval of the competent tax authority. Should the individual H Shareholders be residents of the countries which had an agreed tax rate of over 10% but less than 20% with PRC under the tax agreement, the Company shall withhold and pay the individual income tax at the agreed actual rate in accordance with the relevant tax agreement. In the case that the individual H Shareholders are residents of the countries which have had an agreed tax rate of 20% with PRC, or which has not entered into any tax agreement with PRC, or otherwise, the Company shall withhold and pay the individual income tax at a rate of 20%.

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## LETTER FROM THE BOARD

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#### 4. Profit Appropriation for Investors of Southbound Trading

For investors investing in the H Shares of the Company listed on the Hong Kong Stock Exchange through the Shanghai Stock Exchange (including enterprises and individuals) (the “**Southbound Trading**”), the Company has entered into the Agreement on Appropriation of Cash Dividends of H Shares for Southbound Trading (《港股通H股股票現金紅利派發協議》) with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, pursuant to which, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the holders of H Shares for Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H Shares of Southbound Trading through its depository and clearing system. The cash dividends for the investors of H Shares of Southbound Trading will be paid in Renminbi. Pursuant to the relevant requirements under the “Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect” (Caishui [2014] No. 81) (《關於滬港通股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

#### VI. PROPOSED AUTHORISATION TO THE BOARD TO DETERMINE THE INTERIM PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR THE YEAR 2017

An ordinary resolution will be proposed at the AGM to consider and approve the authorisation to the Board to determine the interim profit distribution plan of the Company for the year 2017.

#### VII. PROPOSED RE-APPOINTMENT OF DOMESTIC AUDITOR AND INTERNATIONAL AUDITOR OF THE COMPANY FOR THE YEAR 2017 AND AUTHORISATION TO THE BOARD TO FIX THEIR REMUNERATION FOR THE YEAR 2017

An ordinary resolution will be proposed at the AGM to consider and approve the proposed re-appointment of Grant Thornton China (Special General Partnership) and Grant Thornton Hong Kong Limited as the domestic auditor and the international auditor of the Company, respectively, which will hold office until the conclusion of the next annual general meeting of the Company and the authorisation to the Board to fix their remuneration for the year 2017.

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## LETTER FROM THE BOARD

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### VIII. PROPOSED BUSINESS OPERATION PLAN, INVESTMENT PLAN AND FINANCIAL BUDGET FOR THE YEAR 2017

In order to stably accelerate the development goal of “building a world-leading engineering company” and to adhere to the development strategies which are “energy and petrochemical-oriented, innovation-driven, globalisation-targeted and value-focused”, the Company has formulated the annual work target, security measures and management responsibilities for the year 2017, and will put forward an ordinary resolution at the AGM to consider and approve the proposed business operation plan, investment plan and financial budget of the Company for the year 2017. The details are set out below:

#### 1. Business Operation Plan

According to the development goal of the Company and taking into account the annual operation results and fulfilment of indicators in 2016, it is proposed that the annual operation target for 2017 should include: realising the new contract value of approximately RMB38.3 billion, which includes the domestic new contract value of RMB28.0 billion and the overseas new contract value of US\$1.5 billion (approximately RMB10.3 billion).

#### 2. Investment Plan

According to the proposed investment plans for 2017 prepared by all subsidiaries of the Company, after optimising and balancing, the Company proposes an investment amount for 2017 of RMB689 million, which will mainly be used for, among other things, optimisation of production facility, construction equipment upgrade, information technology system, development of research and development of technology and management of potential safety hazards.

#### 3. Financial Budget

Based on comprehensive analysis and research, the Company targets to control the costs and expenses for 2017 as follows: the administrative expenses, the selling and marketing expenses and the financial expenses shall not exceed RMB2.07 billion, RMB120 million and RMB50 million, respectively.

### IX. PROPOSED GRANT OF GENERAL MANDATE TO THE BOARD TO REPURCHASE DOMESTIC SHARES AND/OR H SHARES

At each of the Company’s annual general meeting for the year 2015, the Domestic Share class meeting and the H Share class meeting held on 6 May 2016, the Shareholders passed a special resolution to approve the grant of a general mandate to the Board to repurchase such number of Domestic Shares and/or H Shares which are not more than 10% of the Domestic Shares or H Shares in issue (as the case may be).

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## LETTER FROM THE BOARD

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The effective period of the above general mandate will expire soon. To provide flexibility and discretion to the Board in the event that it becomes desirable to repurchase any Domestic Shares and/or H Shares, the Repurchase Mandate is proposed to be granted to the Board by way of a special resolution at each of the AGM, the Domestic Share Class Meeting and the H Share Class Meeting to repurchase Domestic Shares and/or H Shares subject to the following conditions:

- (a) subject to paragraphs (b) and (c) below, the exercise by the Board during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to repurchase Domestic Shares and/or H Shares in issue, subject to and in accordance with all applicable laws, rules, regulations and/or requirements of the governmental or regulatory body of securities in the PRC, the Hong Kong Stock Exchange or any other governmental or regulatory body, is approved;
- (b) the aggregate nominal value of Domestic Shares or H Shares authorised to be repurchased pursuant to the approval in paragraph (a) above during the Relevant Period (as defined in paragraph (d) below) shall not exceed 10% of the aggregate nominal value of Domestic Shares or H Shares in issue, respectively, as at the date of the passing of this special resolution;
- (c) the approval in paragraph (a) above shall be conditional upon:
  - (i) the special resolution to be passed at each of the AGM, the Domestic Share Class Meeting and the H Share Class Meeting shall be of the same terms as the resolution set out in this paragraph (except for this sub-paragraph (c)(i));
  - (ii) compliance with the relevant requirements of the Company Law and the regulatory authorities (including the Hong Kong Stock Exchange) of the place of listing of the Company as amended from time to time; and
  - (iii) the approval of or the filing with the SAFE, the CSRC and/or any other regulatory authorities (if applicable) as may be required by the laws, rules and regulations of the PRC has been obtained or made.
- (d) For the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution at the AGM, the Domestic Share Class Meeting and H Share Class Meeting until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company following the passing of this special resolution;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or other applicable laws to be held;

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## LETTER FROM THE BOARD

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- (iii) the date on which the authority conferred by this special resolution is revoked or varied by a special resolution of the Shareholders at a general meeting, by a special resolution of Domestic Shareholders at a class meeting for Domestic Shareholders or by a special resolution of H Shareholders at a class meeting for H Shareholders; or
  - (iv) the expiration of a period of 12 months after this special resolution has been passed at each of the AGM, the Domestic Share Class Meeting and the H Share Class Meeting.
- (e) the Board is hereby authorised to:
- (i) formulate and implement specific repurchase plans, including but not limited to the repurchase price, the amount of repurchases, the timing and period for repurchases;
  - (ii) notify creditors and publish announcements in accordance with the relevant requirements (if applicable) of the Company Law, the Articles and the Hong Kong Stock Exchange as amended from time to time;
  - (iii) open a foreign stock account and complete the corresponding procedure of change in foreign exchange registration;
  - (iv) perform the relevant approval procedure in accordance with the requirements of the regulatory authority and the place of listing, including filing with the CSRC;
  - (v) complete the procedure for the cancellation of the repurchased Shares, the reduction of registered capital of the Company, the amendment of the relevant provisions of the Articles relating to, among other things, the total amount of share capital and shareholding structure, and perform the relevant domestic and foreign registration and filing procedures according to the statutory requirements in the PRC and foreign regions; and
  - (vi) sign and execute other documents and complete other matters relevant to repurchases of Shares.

An explanatory statement giving certain information regarding the Repurchase Mandate is set out in Appendix I to this circular.

### **X. PROPOSED GRANT OF GENERAL MANDATE TO THE BOARD TO ISSUE DOMESTIC SHARES AND/OR H SHARES**

At the Company's annual general meeting for the year 2015 held on 6 May 2016, the Shareholders passed a special resolution to approve the grant of a general mandate to the Board to issue such number of Domestic Shares and/or H Shares which are not more than 20% of the Domestic Shares or H Shares in issue (as the case may be).

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## LETTER FROM THE BOARD

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The effective period of the above general mandate will expire soon. To provide flexibility and discretion to the Board to issue new Shares, it is proposed to be considered and approved by way of a special resolution at the AGM:

- (a) the General Mandate to be granted to the Board to separately or jointly allot, issue or deal with Domestic Shares and/or H Shares not exceeding 20% of their respective numbers in issue on the date of passing of this special resolution;
- (b) to authorise the Board (or the directors authorised by the Board), subject to the approval of the relevant authorities of the PRC and in accordance with the relevant laws and administrative regulations, the requirements of Hong Kong regulators and the Articles, to increase the registered capital of the Company to the required amount upon the exercise of the powers pursuant to paragraph (a) above;
- (c) to authorise the Board (or the directors authorised by the Board) to sign the necessary documents, complete the necessary formalities and take other necessary steps to complete the allotment and issue and listing of new Shares, provided the same do not violate the relevant laws and administrative regulations, the requirements of Hong Kong regulators and the Articles; and
- (d) subject to the approval of the relevant PRC authorities, to authorise the Board (or the directors authorised by the Board) to make appropriate and necessary amendments to the Articles after completion of the allotment and issuance of new Shares according to the method, type and number of the allotment and issue of new Shares by the Company and the actual situation of the shareholding structure of the Company at the time of completion of the allotment and issue of new Shares in order to reflect the alteration of the share capital structure and registered capital of the Company pursuant to the exercise of the General Mandate, and carry out the statutory registrations and filings within and outside China.

As at the Latest Practicable Date, the issued share capital of the Company was comprised of 2,967,200,000 Domestic Shares and 1,460,800,000 H Shares. Subject to the Shareholders' approval of the General Mandate and on the basis that no further Shares will be issued before the AGM, the Company will be allowed to issue a maximum of 593,440,000 Domestic Shares and 292,160,000 H Shares in accordance with the General Mandate. The General Mandate shall be effective from the time the special resolution is passed until the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or other applicable laws to be held;
- (iii) the revocation or variation of the authority given under this special resolution by a special resolution of the Shareholders at a general meeting; or
- (iv) the expiration of a period of 12 months after this special resolution has been passed at the AGM.

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## LETTER FROM THE BOARD

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Any exercise of the power by the Board under the General Mandate shall comply with the relevant requirements of the Hong Kong Listing Rules, the Articles and the relevant laws and regulations of the PRC. The Board currently does not have any plan to issue new Shares pursuant to the General Mandate.

### XI. RECOMMENDATION

The Directors (including all independent non-executive Directors) consider that the resolutions in relation to each of (i) the report of the Board for the year 2016; (ii) the report of the Supervisory Committee for the year 2016; (iii) the audited financial statements for the year 2016; (iv) the proposed final dividend distribution plan for the year 2016; (v) the proposed authorisation to the Board to determine the interim profit distribution plan of the Company for the year 2017; (vi) the proposed re-appointment of domestic auditor and international auditor of the Company for the year 2017 and authorisation to the Board to fix their remuneration for the year 2017; (vii) the proposed business operation plan, investment plan and financial budget for the year 2017; (viii) the proposed grant of the Repurchase Mandate to the Board; and (ix) the proposed grant of the General Mandate to the Board is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of such resolutions to be proposed at the AGM, the Domestic Share Class Meeting and the H Share Class Meeting as set out in the AGM Notice, the Domestic Share Class Meeting Notice and the H Share Class Meeting Notice, respectively.

By order of the Board  
**SINOPEC ENGINEERING (GROUP) CO., LTD.**  
**SANG Jinghua**  
*Vice President, Secretary to the Board*

Beijing, the PRC  
30 March 2017



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## NOTICE OF ANNUAL GENERAL MEETING

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### 中石化炼化工程(集团)股份有限公司 SINOPEC Engineering (Group) Co., Ltd.\*

(a joint stock limited liability company incorporated in the People's Republic of China)  
(Stock Code: 2386)

#### NOTICE OF THE ANNUAL GENERAL MEETING FOR THE YEAR 2016 AND CLOSURE OF REGISTER OF MEMBERS

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “AGM”) for the year 2016 of SINOPEC Engineering (Group) Co., Ltd. (the “Company”) will be held at V-Continent Beijing Parkview Wuzhou Hotel, 8 Beisihuan Zhong Lu, Chaoyang District, Beijing, the PRC at 9 a.m. on Tuesday, 16 May 2017 for the purposes of considering and, if thought fit, passing the following resolutions. In this notice, unless the context otherwise requires, terms used herein shall have the same meanings as defined in the Company’s circular dated 30 March 2017 (the “Circular”).

#### RESOLUTIONS TO BE CONSIDERED AND APPROVED AT THE AGM

##### By way of ordinary resolutions:

- (1) to consider and approve the report of the Board for the year 2016;
- (2) to consider and approve the report of the Supervisory Committee for the year 2016;
- (3) to consider and approve the audited financial statements for the year 2016;
- (4) to consider and approve the final dividend distribution plan for the year 2016;
- (5) to consider and approve the authorisation to the Board to determine the interim profit distribution plan of the Company for the year 2017;
- (6) to consider and approve the re-appointment of Grant Thornton China (Special General Partnership) and Grant Thornton Hong Kong Limited as the domestic auditor and the international auditor of the Company, respectively, to hold office until the conclusion of the next annual general meeting of the Company and the authorisation to the Board to fix their remuneration for the year 2017; and
- (7) to consider and approve the business operation plan, investment plan and financial budget for the year 2017.

\* For identification purposes only.

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## NOTICE OF ANNUAL GENERAL MEETING

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**By way of special resolutions:**

- (1) to consider and approve the grant of a general mandate to the Board to repurchase Domestic Shares and/or H Shares; and
- (2) to consider and approve the grant of a general mandate to the Board to issue Domestic Shares and/or H Shares.

Details of the above resolutions proposed at the AGM are contained in the Circular, which is available on the website of Hong Kong Exchanges and Clearing Limited ([www.hkex.com.hk](http://www.hkex.com.hk)) and the website of the Company ([www.segroup.cn](http://www.segroup.cn)).

By Order of the Board  
**SINOPEC ENGINEERING (GROUP) CO., LTD.**  
**SANG Jinghua**  
*Vice President, Secretary to the Board*

Beijing, the PRC  
30 March 2017

*As at the date of this notice, the executive Directors are LU Dong, XIANG Wenwu, SUN Lili (employee representative Director) and WU Derong (employee representative Director); the non-executive Directors are LING Yiqun and LI Guoqing; and the independent non-executive Directors are HUI Chiu Chung, Stephen, JIN Yong and YE Zheng.*

*Notes:*

**ATTENDEE OF THE AGM**

**1. Eligibility and Registration Procedures for Attending the AGM**

- (a) Closure of Register of Members. For the purpose of ascertaining Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Sunday, 16 April 2017 to Tuesday, 16 May 2017 (both days inclusive).
- (b) Domestic Shareholders and H Shareholders whose names appear on the register of members of the Company before the close of business on Sunday, 16 April 2017 are entitled to attend and vote in respect of all resolutions to be proposed at the AGM.
- (c) H Shareholders who wish to attend the AGM shall lodge their share certificates accompanied by the transfer documents with Computershare Hong Kong Investor Services Ltd. before 4:30 p.m. on Thursday, 13 April 2017 for registration.

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## NOTICE OF ANNUAL GENERAL MEETING

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- (d) A Shareholder or his/her/its proxy shall produce proof of identity when attending the meeting. If a Shareholder is a legal person, its legal representative or other persons authorised by the board of directors or other governing body of such Shareholder may attend the AGM by producing a copy of the resolution of the board of directors or other governing body of such Shareholder appointing such persons to attend the meeting.
- (e) Domestic Shareholders and H Shareholders intending to attend the AGM should return the reply slip for attending the AGM to the Company on or before Wednesday, 26 April 2017.
- (f) Shareholders may send the above reply slip to the Company in person, by post or by fax.

### 2. Proxy

- (a) A Shareholder eligible to attend and vote at the AGM is entitled to appoint, in written form, one or more proxies to attend and vote on his/her/its behalf. A proxy need not be a Shareholder.
- (b) A proxy should be appointed by a written instrument signed by the appointer or his/her/its attorney duly authorised in writing. If the form of proxy is signed by the attorney of the appointer, the power of attorney authorising that attorney to sign or the authorisation document(s) must be notarised.
- (c) To be valid, the power of attorney or other authorisation document(s) which have been notarised together with the completed form of proxy must be delivered to the place of business of the Company for Domestic Shareholders and Computershare Hong Kong Investor Services Ltd. at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for H Shareholders not less than 24 hours before the time designated for holding the AGM.
- (d) A Shareholder or his/her/its proxy may exercise the right to vote by poll.

### 3. Closure of Register of Members for H Shares regarding Final Dividend

For the purpose of ascertaining Shareholders who qualify for the Final Dividend for the year 2016, the H Share register of members of the Company will be closed from Wednesday, 24 May 2017 to Monday, 29 May 2017 (both days inclusive). In order to qualify for the Final Dividend, H shareholders shall lodge their share certificates accompanied by the transfer documents with the Company's share registrar of H Shares before 4:30 p.m. on Tuesday, 23 May 2017 for registration.

### 4. Miscellaneous

- (a) The AGM will not last for more than one working day. Shareholders who attend the AGM shall bear their own travel and accommodation expenses.
- (b) The address of the Company's share registrar of H Shares, Computershare Hong Kong Investor Services Ltd., is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (c) The place of business of the Company is at:

Tower B, No. 19 Anyuan, Anhui Beili, Chaoyang District, Beijing, the PRC  
Post Code: 100101  
Telephone No.: (+86) 10 6499 8054  
Facsimile No.: (+86) 10 6499 8599

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## NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES

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### 中石化炼化工程(集团)股份有限公司 SINOPEC Engineering (Group) Co., Ltd.\*

(a joint stock limited liability company incorporated in the People's Republic of China)  
(Stock Code: 2386)

## NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES

**NOTICE IS HEREBY GIVEN** that the first class meeting for Domestic Shareholders for the year 2017 (the “**Domestic Share Class Meeting**”) of SINOPEC Engineering (Group) Co., Ltd. (the “**Company**”) will be held at V-Continent Beijing Parkview Wuzhou Hotel, 8 Beisihuan Zhong Lu, Chaoyang District, Beijing, the PRC immediately after the annual general meeting of the Company for the year 2016 (the “**AGM**”) to be convened and held on the same date at the same place on Tuesday, 16 May 2017 for the purposes of considering and, if thought fit, approving the following resolution. In this notice, unless the context otherwise requires, terms used herein shall have the same meanings as defined in the Company’s circular dated 30 March 2017.

#### **By way of special resolution:**

To consider and approve the authorisation to the Board to repurchase Domestic Shares and/or H Shares subject to the following conditions:

- (a) subject to paragraphs (b) and (c) below, the exercise by the Board during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to repurchase Domestic Shares and/or H Shares in issue, subject to and in accordance with all applicable laws, rules, regulations and/or requirements of the governmental or regulatory body of securities in the PRC, the Hong Kong Stock Exchange or any other governmental or regulatory body, is approved;
- (b) the aggregate nominal value of Domestic Shares or H Shares authorised to be repurchased pursuant to the approval in paragraph (a) above during the Relevant Period (as defined in paragraph (d) below) shall not exceed 10% of the aggregate nominal value of Domestic Shares or H Shares in issue, respectively, as at the date of the passing of this special resolution;
- (c) the approval in paragraph (a) above shall be conditional upon:
  - (i) the special resolution to be passed at each of the AGM, the Domestic Share Class Meeting and the H Share Class Meeting shall be of the same terms as the resolution set out in this paragraph (except for this sub-paragraph (c)(i));

\* For identification purposes only.

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## NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES

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- (ii) compliance with the relevant requirements of the Company Law and the regulatory authorities (including the Hong Kong Stock Exchange) of the place of listing of the Company as amended from time to time; and
  - (iii) the approval of or the filing with the SAFE, the CSRC and/or any other regulatory authorities (if applicable) as may be required by the laws, rules and regulations of the PRC has been obtained or made.
- (d) For the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution at the AGM, the Domestic Share Class Meeting and the H Share Class Meeting until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company following the passing of this special resolution;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or other applicable laws to be held;
  - (iii) the date on which the authority conferred by this special resolution is revoked or varied by a special resolution of the Shareholders at a general meeting, by a special resolution of Domestic Shareholders at a class meeting for Domestic Shareholders or by a special resolution of H Shareholders at a class meeting for H Shareholders; or
  - (iv) the expiration of a period of 12 months after this special resolution has been passed at each of the AGM, the Domestic Share Class Meeting and the H Share Class Meeting.
- (e) the Board is hereby authorised to:
- (i) formulate and implement specific repurchase plans, including but not limited to the repurchase price, the amount of repurchases, the timing and period for repurchases;
  - (ii) notify creditors and publish announcements in accordance with the relevant requirements (if applicable) the Company Law, the Articles and the Hong Kong Stock Exchange (if applicable) as amended from time to time;
  - (iii) open a foreign stock account and complete the corresponding procedure of change in foreign exchange registration;
  - (iv) perform the relevant approval procedure in accordance with the requirements of the regulatory authority and the place of listing, including filing with the CSRC;

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## NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES

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- (v) complete the procedure for the cancellation of the repurchased Shares, the reduction of registered capital of the Company, the amendment of the relevant provisions of the Articles relating to, among other things, the total amount of share capital and shareholding structure, and perform the relevant domestic and foreign registration and filing procedures according to the statutory requirements in the PRC and foreign regions; and
- (vi) sign and execute other documents and complete other matters relevant to repurchases of Shares.

By Order of the Board  
**SINOPEC ENGINEERING (GROUP) CO., LTD.**  
**SANG Jinghua**  
*Vice President, Secretary to the Board*

Beijing, the PRC  
30 March 2017

*As at the date of this notice, the executive Directors are LU Dong, XIANG Wenwu, SUN Lili (employee representative Director) and WU Derong (employee representative Director); the non-executive Directors are LING Yiqun and LI Guoqing; and the independent non-executive Directors are HUI Chiu Chung, Stephen, JIN Yong and YE Zheng.*

*Notes:*

### ATTENDEE OF THE DOMESTIC SHARE CLASS MEETING

#### 1. Eligibility and Registration Procedures for Attending the Domestic Share Class Meeting

- (a) Closure of Register of Members. For the purpose of ascertaining Domestic Shareholders who are entitled to attend and vote at the Domestic Share Class Meeting, the register of members of the Company will be closed from Sunday, 16 April 2017 to Tuesday, 16 May 2017 (both days inclusive).
- (b) Domestic Shareholders whose names appear on the register of members of the Company before the close of business on Sunday, 16 April 2017 are entitled to attend and vote in respect of the resolution to be proposed at the Domestic Share Class Meeting.
- (c) A Domestic Shareholder or his/her/its proxy shall produce proof of identity when attending the meeting. If a Domestic Shareholder is a legal person, its legal representative or other persons authorised by the board of directors or other governing body of such Shareholder may attend the Domestic Share Class Meeting by producing a copy of the resolution of the board of directors or other governing body of such Shareholder appointing such persons to attend the meeting.
- (d) Domestic Shareholders intending to attend the Domestic Share Class Meeting should return the reply slip for attending the Domestic Share Class Meeting to the Company on or before Wednesday, 26 April 2017.
- (e) Domestic Shareholders may send the above reply slip to the Company in person, by post or by fax.

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## NOTICE OF CLASS MEETING FOR HOLDERS OF DOMESTIC SHARES

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### 2. Proxy

- (a) A Domestic Shareholder eligible to attend and vote at the Domestic Share Class Meeting is entitled to appoint, in written form, one or more proxies to attend and vote on his/her/its behalf. A proxy needs not be a Shareholder.
- (b) A proxy should be appointed by a written instrument signed by the appointer or his/her/its attorney duly authorised in writing. If the form of proxy is signed by the attorney of the appointer, the power of attorney authorising that attorney to sign or the authorisation document(s) must be notarised.
- (c) To be valid, the power of attorney or other authorisation document(s) which have been notarised together with the completed form of proxy must be delivered to the place of business of the Company not less than 24 hours before the time designated for holding the Domestic Share Class Meeting.
- (d) A Domestic Shareholder or his/her/its proxy may exercise the right to vote by poll.

### 3. Miscellaneous

- (a) The Domestic Share Class Meeting is expected to take place immediately after the AGM. Domestic Shareholders attending the Domestic Share Class Meeting shall be responsible for their own travel and accommodation expenses.
- (b) The place of business of the Company is at:

Tower B, No. 19 Anyuan, Anhui Beili, Chaoyang District, Beijing, the PRC  
Post Code: 100101  
Telephone No.: (+86) 10 6499 8054  
Facsimile No.: (+86) 10 6499 8599

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## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

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### 中石化炼化工程(集团)股份有限公司 SINOPEC Engineering (Group) Co., Ltd.\*

(a joint stock limited liability company incorporated in the People's Republic of China)  
(Stock Code: 2386)

## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

**NOTICE IS HEREBY GIVEN** that the first class meeting for H Shareholders for the year 2017 (the “**H Share Class Meeting**”) of SINOPEC Engineering (Group) Co., Ltd. (the “**Company**”) will be held at V-Continent Beijing Parkview Wuzhou Hotel, 8 Beisihuan Zhong Lu, Chaoyang District, Beijing, the PRC immediately after the annual general meeting of the Company for the year 2016 (the “**AGM**”) and the first class meeting for Domestic Shareholders for the year 2017 (the “**Domestic Share Class Meeting**”) to be convened and held on the same date at the same place on Tuesday, 16 May 2017 for the purposes of considering and, if thought fit, approving the following resolution. In this notice, unless the context otherwise requires, terms used herein shall have the same meanings as defined in the Company’s circular dated 30 March 2017.

#### **By way of special resolution:**

To consider and approve the authorisation to the Board to repurchase Domestic Shares and/or H Shares subject to the following conditions:

- (a) subject to paragraphs (b) and (c) below, the exercise by the Board during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to repurchase Domestic Shares and/or H Shares in issue, subject to and in accordance with all applicable laws, rules and regulations and/or requirements of the governmental or regulatory body of securities in the PRC, the Hong Kong Stock Exchange or of any other governmental or regulatory body, is approved;
- (b) the aggregate nominal value of Domestic Shares or H Shares authorised to be repurchased pursuant to the approval in paragraph (a) above during the Relevant Period (as defined in paragraph (d) below) shall not exceed 10% of the aggregate nominal value of Domestic Shares or H Shares in issue, respectively, as at the date of the passing of this special resolution;

\* For identification purposes only.



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## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

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- (c) the approval in paragraph (a) above shall be conditional upon:
  - (i) the special resolution to be passed at each of the AGM, the Domestic Share Class Meeting and the H Share Class Meeting shall be of the same terms as the resolution set out in this paragraph (except for this sub-paragraph (c)(i));
  - (ii) compliance with the relevant requirements of the Company Law and the regulatory authorities (including the Hong Kong Stock Exchange) of the place of listing of the Company as amended from time to time; and
  - (iii) the approval of or the filing with the SAFE, the CSRC and/or any other regulatory authorities (if applicable) as may be required by the laws, rules and regulations of the PRC has been obtained or made.
  
- (d) For the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution at the AGM, the Domestic Share Class Meeting and the H Share Class Meeting until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company following the passing of this special resolution;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or other applicable laws to be held;
  - (iii) the date on which the authority conferred by this special resolution is revoked or varied by a special resolution of the Shareholders at a general meeting, by a special resolution of Domestic Shareholders at a class meeting for Domestic Shareholders or by a special resolution of H Shareholders at a class meeting for H Shareholders; or
  - (iv) the expiration of a period of 12 months after this special resolution has been passed at each of the AGM, the Domestic Share Class Meeting and the H Share Class Meeting.
  
- (e) the Board is hereby authorised to:
  - (i) formulate and implement specific repurchase plans, including but not limited to the repurchase price, the amount of repurchases, the timing and period for repurchases;
  - (ii) notify creditors and publish announcements in accordance with the relevant requirements (if applicable) of the Company Law, the Articles and the Hong Kong Stock Exchange as amended from time to time;
  - (iii) open a foreign stock account and complete the corresponding procedure of change in foreign exchange registration;

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## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

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- (iv) perform the relevant approval procedure in accordance with the requirements of the regulatory authority and the place of listing, including filing with the CSRC;
- (v) complete the procedure for the cancellation of the repurchased Shares, the reduction of the Company's registered capital, the amendment of the relevant provisions of the Articles relating to, among other things, the total amount of share capital and shareholding structure, and perform the relevant domestic and foreign registration and filing procedures according to the statutory requirements in the PRC and foreign regions; and
- (vi) sign and execute other documents and complete other matters relevant to repurchases of Shares.

By Order of the Board  
**SINOPEC ENGINEERING (GROUP) CO., LTD.**  
**SANG Jinghua**  
*Vice President, Secretary to the Board*

Beijing, the PRC  
30 March 2017

*As at the date of this notice, the executive Directors are LU Dong, XIANG Wenwu, SUN Lili (employee representative Director) and WU Derong (employee representative Director); the non-executive Directors are LING Yiqun and LI Guoqing; and the independent non-executive Directors are HUI Chiu Chung, Stephen, JIN Yong and YE Zheng.*

*Notes:*

### ATTENDEE OF THE H SHARE CLASS MEETING

#### 1. Eligibility and Registration Procedures for Attending the H Share Class Meeting

- (a) Closure of Register of Members. For the purpose of ascertaining H Shareholders who are entitled to vote at the H Share Class Meeting, the register of members of the Company will be closed from Sunday, 16 April 2017 to Tuesday, 16 May 2017, both dates inclusive.
- (b) H Shareholders whose names appear on the register of members of the Company before the close of business on Sunday, 16 April 2017 are entitled to attend and vote in respect of the resolution to be proposed at the H Share Class Meeting.
- (c) H Shareholders who wish to attend the H Share Class Meeting shall lodge their share certificates accompanied by the transfer documents with the Company's share registrar of H Shares before 4:30 p.m. on Thursday, 13 April 2017 for registration.
- (d) An H Shareholder or his/her/its proxy shall produce proof of identity when attending the meeting. If an H Shareholder is a legal person, its legal representative or other persons authorised by the board of directors or other governing body of such Shareholder may attend the H Share Class Meeting by producing a copy of the resolution of the board of directors or other governing body of such Shareholder appointing such persons to attend the meeting.

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## NOTICE OF CLASS MEETING FOR HOLDERS OF H SHARES

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- (e) H Shareholders who intend to attend the H Share Class Meeting should return the reply slip for attending the H Share Class Meeting to the Company on or before Wednesday, 26 April 2017.
- (f) H Shareholders may send the above reply slip in person, by post or by fax.

### 2. Proxy

- (a) An H Shareholder eligible to attend and vote at the H Share Class Meeting is entitled to appoint, in written form, one or more proxies to attend and vote on his/her/its behalf. A proxy needs not be a Shareholder.
- (b) A proxy should be appointed by a written instrument signed by the appointer or his/her/its attorney duly authorised in writing. If the form of proxy is signed by the attorney of the appointer, the power of attorney authorising that attorney to sign or the authorisation document(s) must be notarised.
- (c) To be valid, the power of attorney or other authorisation document(s) which have been notarised together with the completed form of proxy must be delivered to the Company' share registrar of H Shares, Computershare Hong Kong Investor Services Ltd. at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 24 hours before the time designated for holding the H Share Class Meeting.
- (d) An H Shareholder or his/her/its proxy may exercise the right to vote by poll.

### 3. Miscellaneous

- (a) The H Share Class Meeting is expected to take place immediately after the AGM and the Domestic Share Class Meeting. H Shareholders attending the H Share Class Meeting shall be responsible for their own travel and accommodation expenses.
- (b) The address of the Company's share registrar of H Shares, Computershare Hong Kong Investor Services Ltd., is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (c) The place of business of the Company is at:

Tower B, No. 19 Anyuan, Anhui Beili, Chaoyang District, Beijing, the PRC  
Post Code: 100101  
Telephone No.: (+86) 10 6499 8054  
Facsimile No.: (+86) 10 6499 8599

*This appendix serves as an explanatory statement, as required by the Hong Kong Listing Rules, to provide the requisite information to enable you to make an informed decision on whether to vote for or against the special resolution to approve the grant of the Repurchase Mandate to the Board.*

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this document.*

## **LISTING RULES RELATING TO THE REPURCHASE OF SECURITIES**

The Hong Kong Listing Rules permit companies whose primary listing is on the Hong Kong Stock Exchange to repurchase their securities on the Hong Kong Stock Exchange subject to certain restrictions, the most important of which are summarised below. The Company is empowered by the Articles to repurchase its own securities.

## **REGISTERED CAPITAL**

As at the Latest Practicable Date, the registered capital of the Company was RMB4,428,000,000, comprising of 2,967,200,000 Domestic Shares and 1,460,800,000 H Shares. Subject to the passing of the proposed resolution for the grant of the Repurchase Mandate and on the basis that no Domestic Shares and/or H Shares will be allotted, issued or repurchased by the Company on or prior to the date of the AGM, the Domestic Share Class Meeting and the H Share Class Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 296,720,000 Domestic Shares and/or 146,080,000 H Shares, being the maximum of 10% of the respective aggregate nominal values of Domestic Shares or H Shares in issue as at the date of passing the relevant resolution.

## **REASONS FOR THE REPURCHASE**

The Directors believe that the Repurchase Mandate is in the interests of the Company and the Shareholders. An exercise of the Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and the Shareholders.

## **FUNDING OF REPURCHASES**

In repurchasing the Domestic Shares and/or H Shares, the Company may only apply funds from the Company's internal resources legally available for such purpose in accordance with the Articles, the Hong Kong Listing Rules and the applicable laws, rules and regulations of the PRC, including, without limitation, surplus funds and undistributed profits of the Company.

Taking into account the current good working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it would not have a material adverse effect on the working capital and/or the gearing position of the Company as compared with its position as at 31 December 2016 as disclosed in the Company's latest published audited accounts contained in its annual report for the year 2016. However, the Directors do not intend to make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company. The number of Domestic Shares and/or H Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at an appropriate time having taking into consideration the circumstances then prevailing which shall be in the best interests of the Company and the Shareholders as a whole.

#### **STATUS OF REPURCHASED DOMESTIC SHARES AND H SHARES**

The Hong Kong Listing Rules provide that the listing of all the H Shares repurchased by the Company shall automatically be cancelled and the relevant share certificates of such repurchased H Shares shall be cancelled and destroyed. Under the PRC laws, the Domestic Shares repurchased by the Company will also be cancelled. The Company's registered capital will be reduced by an amount equivalent to the aggregate nominal value of the Domestic Shares and H Shares so cancelled.

**H SHARE PRICES**

The highest and lowest prices at which the H Shares were traded on the Hong Kong Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

<b>Month</b>	<b>H Shares</b>	
	<b>Highest (HK\$)</b>	<b>Lowest (HK\$)</b>
2016		
March	6.42	5.62
April	7.40	6.20
May	7.30	6.16
June	7.21	6.60
July	7.40	6.42
August	7.35	6.19
September	6.95	6.20
October	7.25	6.57
November	6.99	6.45
December	6.85	6.24
2017		
January	6.53	6.03
February	7.38	6.14
1 March to the Latest Practicable Date	8.58	7.02

**DIRECTORS' UNDERTAKING**

The Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company under appropriate circumstances to make purchases pursuant to the Repurchase Mandate in accordance with the Hong Kong Listing Rules, the Articles and the applicable laws, rules and regulations of the PRC.

**DISCLOSURE OF INTERESTS**

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, their close associates (as defined in the Hong Kong Listing Rules) has any present intention to sell to the Company any of the Domestic Shares and/or H Shares if the Repurchase Mandate is approved at each of the AGM, the Domestic Share Class Meeting and the H Share Class Meeting.

No core connected person (as defined under the Hong Kong Listing Rules) of the Company has notified the Company that he, she or it has a present intention to sell any Domestic Shares and/or H Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is granted.

If a Shareholder's proportionate interest in the voting rights of the Company increases upon the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, Sinopec Group, through its wholly-owned subsidiary, SAMC, was the controlling shareholder (as defined under the Hong Kong Listing Rules) of the Company and held 2,967,200,000 Domestic Shares (representing 100% of the total issued Domestic Shares of the Company), representing approximately 67.01% of the issued share capital of the Company. On the basis that 4,428,000,000 Shares was in issue as at the Latest Practicable Date and assuming that no other Shares will be issued or repurchased by the Company on or prior to the date of the AGM, the Domestic Share Class Meeting and the H Share Class Meeting, the percentage shareholdings of Sinopec Group before and after such repurchase would be as follows:

<b>Substantial Shareholder</b>	<b>Before repurchases of Domestic Shares and/or H Shares pursuant to the Repurchase Mandate</b>	<b>After repurchases of Domestic Shares (but without taking into account repurchases of H Shares) pursuant to the Repurchase Mandate</b>	<b>After repurchases of H Shares (but without taking into account repurchases of Domestic Shares) pursuant to the Repurchase Mandate</b>	<b>After repurchases of Domestic Shares and H Shares pursuant to the Repurchase Mandate</b>
Sinopec Group	67.01%	64.64%	69.30%	67.01%

On the basis of the shareholdings held by Sinopec Group above, the exercise of the Repurchase Mandate in full will not have any implications for Sinopec Group under the Takeovers Code. Assuming that there is no issue of Shares between the Latest Practicable Date and the date of a repurchase, an exercise of the Repurchase Mandate whether in whole or in part will not result in the percentage of the Shares being held by the public being less than the relevant prescribed minimum percentage as required by the Hong Kong Stock Exchange.

Moreover, the Directors will not make share repurchase on the Hong Kong Stock Exchange if such repurchase would result in the requirements under Rule 8.08 of the Hong Kong Listing Rules not being complied with.

#### **SECURITIES REPURCHASE MADE BY THE COMPANY**

The Company did not repurchase any Domestic Shares and/or H Shares (whether on the Hong Kong Stock Exchange or otherwise) during the six months immediately preceding the Latest Practicable Date.