中国石化
SINOPEC

中石化炼化工程(集团)股份有限公司
SINOPEC ENGINEERING (GROUP) CO., LTD.

Stock Code: 2386

BUILDING A WORLD-LEADING TECHNOLOGY DRIVEN ENGINEERING COMPANY

2024 ANNUAL REPORT

IMPORTANT NOTICE

The board of directors (the “**Board**”) and the directors (the “**Directors**”) of SINOPEC ENGINEERING (GROUP) CO., LTD. (“**SINOPEC SEG**” or the “**Company**”) warrant that there are no false representations, misleading statements or material omissions contained in this annual report and are hereby jointly and severally liable for the authenticity, accuracy and completeness of the content hereof. Directors Mr. XIANG Wenwu and Mr. DUAN Xue could not attend the second meeting of the Fifth Session of the Board (the “**Meeting**”) due to official duties. Directors Mr. XIANG Wenwu and Mr. DUAN Xue authorised Mr. JIANG Dejun and Mr. YE Zheng, respectively, to attend the Meeting, and to vote on their behalves. Mr. JIANG Dejun (Chairman of the Board), Mr. ZHANG Xinming (Executive Director and President), Mr. YIN Fengbing (Chief Financial Officer) and Ms. WANG Lihui (Head of the Finance Department) warrant the authenticity, accuracy and completeness of the financial statements contained in this annual report.

The financial report for the year ended 31 December 2024 (the “**Reporting Period**”) of SINOPEC SEG and its subsidiaries (together, the “**Group**”), prepared in accordance with the International Financial Reporting Standards, were audited by BDO Limited, which has issued a standard unqualified audit report.

This annual report contains forward-looking statements. All statements (other than statements of historical facts) that address business activities, events or developments that the Company expects or anticipates will or may occur in the future (including but not limited to projections, goals, estimates and business plans) are forward-looking statements. The future actual results or development trends may differ materially from the forward-looking statements due to various factors. The forward-looking statements contained in this annual report were made by the Company on 14 March 2025 and, unless otherwise required by the relevant regulatory authorities, the Company undertakes no obligation or responsibility to update these forward-looking statements.

This annual report is published in both Chinese and English. In the event of any discrepancy or inconsistency between the two versions, the Chinese text shall prevail.

CONTENTS

COMPANY PROFILE

The Group is an energy and chemical engineering company with a long history and strong international competitiveness and is committed to providing global clients with overall solutions for petrol refining, petrochemicals, aromatics, new-type coal chemicals, inorganic chemicals, pharmaceutical chemicals, clean energy, storage and transportation facilities, environmental protection and energy saving, among other industry sectors. The Group can provide whole industry chain services including engineering consulting, technology licensing, project management contracting, financing assistance, EPC (engineering, procurement and construction) contracting, as well as design, procurement, construction and installation, lifting and transportation of large equipment, pre-commissioning and start-up.

The Group has two academicians of the Chinese Academy of Engineering and nearly 10,000 high-quality professionals. The Group owns and co-owns advanced patents and know-how in core business areas. The Group has delivered on schedule hundreds of modern factories with high investment,

complicated processes, advanced technology and high quality to clients in more than 20 countries and regions around the world, established long-term and steady cooperative relationships with large energy and chemical enterprises at home and abroad, maintained an extensive and stable client resources, and enjoys remarkable industrial influence and social reputation.

In the future, adhering to the development orientation of "Integrated Service Provider with Whole Industry Chain and Whole Life Cycle in Energy and Chemical Industry", the Group will base in the energy and petrochemical engineering construction industry, continuously broaden its business scope and extend its value chain, and comprehensively improve the quality level of safe, efficient, green and low-carbon service in the business chain, to create a new momentum in achieving the corporate vision of "Building the World's Leading Technology-driven Engineering Company".

BASIC INFORMATION OF THE COMPANY

LEGAL NAME
中石化煉化工程(集團)股份有限公司

CHINESE ABBREVIATION
中石化煉化工程

ENGLISH NAME
SINOPEC ENGINEERING (GROUP) CO., LTD.

ENGLISH ABBREVIATION
SINOPEC SEG

LEGAL REPRESENTATIVE
Mr. JIANG Dejun

AUTHORISED REPRESENTATIVES
Mr. ZHANG Xinming

Mr. YIN Fengbing

COMPANY SECRETARY
Mr. YIN Fengbing

Ms. Ng Sau Mei

REGISTERED ADDRESS
Floor 6-9, Building 1, A67, Ande Road, Xicheng District, Beijing, the PRC

BUSINESS AND CORRESPONDENCE ADDRESS
Floor 6-9, Building 1, A67, Ande Road, Xicheng District, Beijing, the PRC

Postcode: 100032

Tel: +8610-5673-0525

Website: www.segroup.cn

E-mail: seg.ir@sinopec.com

WEBSITES ON WHICH THIS ANNUAL REPORT IS PUBLISHED
Website designated by The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"):

https://www.hkexnews.hk

The Company's website:

http://www.segroup.cn

PLACE WHERE THIS ANNUAL REPORT IS AVAILABLE FOR INSPECTION

Office of the Board

SINOPEC ENGINEERING (GROUP) CO., LTD.

A67, Ande Road, Xicheng District, Beijing, the PRC

PLACE OF LISTING OF SHARES, STOCK NAME AND STOCK CODE

H Shares: Hong Kong Stock Exchange

Stock name: SINOPEC SEG

Stock code: 2386

UNIFORM SOCIAL CREDIT CODE

911100007109349087

NAMES AND BUSINESS ADDRESSES OF AUDITORS

PRC:

BDO China Shu Lun Pan Certified Public Accountants LLP

Room 1410, 14th Floor, Fanli Mansion, No. 22 Chaoyangmenwai Street, Chaoyang District, Beijing, the PRC

Overseas:

BDO Limited

25th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong, the PRC

NAME AND BUSINESS ADDRESS OF LEGAL ADVISORS

PRC:

Haiwen & Partners

20/F Fortune Financial Center 5 Dong San Huan Central Road, Chaoyang District, Beijing, the PRC

Hong Kong, the PRC:

Zhong Lun Law Firm LLP

4/F, Jardine House, 1 Connaught Place, Central, Hong Kong, the PRC

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Mr. JIANG Dejun
Chairman of the Board

Dear shareholders and friends:

Over the past year, in the face of rapidly industry transformation, complex external conditions, and intense market competition, the Board and the management of the Company strengthened our market position, optimized operation and accelerated productivity enhancement. Our pursuit of high-quality development has yielded strong results for our shareholders: the Company achieved a yearly revenue of RMB64.198 billion and net profit of RMB2.474 billion, successfully meeting all operational and QHSE targets. With an overall consideration of the profitability of the Company and the sustainable development needs, the Board proposed a final dividend of RMB0.208 per share, taking into account of the interim dividend already distributed, the total dividend for the year amounted to RMB0.358 per share representing a dividend payout ratio of 65%, marking the highest annual dividend amount since the Company's listing.

The Group continue to enhancing our value creation capability through "engineering services, technological innovation, and capital operations" aiming to be both an engineering industry leader and a top performer in the capital market.

Firstly, we have aligned our high quality development and value creation of the Company. By prioritizing market expectations and value enhancement, we have enhanced our information disclosure transparency and investor communications to showcase our high-quality development achievements. The Company's commitment to shareholder returns remains strong, maintaining a consistent dividend payout ratio of 65% for four years with growing dividend distribution amount. The Company has implemented share repurchases for two consecutive years to protect shareholders' value. Committed to become an ESG performance leader, it's the MSCI ESG rating of the Company raised to BB grade, being the only enterprise in China's engineering industry with such highest rating. With the goal of returning to "Southbound Trading" being successfully achieved and the recognition from the capital market continuously increasing, the Company's share price significantly outperformed both the Hang Seng Index and the Industry index during the past year. **Secondly, our comprehensive service capabilities have strengthened our market competitiveness.** New contract awards reached record levels, growing at double-digit rates for three consecutive years to RMB100.613 billion, placing us in the hundred-billion revenue club. New overseas contracts achieved breakthroughs in new markets, products and sectors with overseas contracts growing significantly by 79.6% to USD5.349 billion. Our order portfolio has improved with new design and consulting contracts exceeding RMB4.8 billion, up 16.1% year-on-year. EPC contracts now represent over 70% of the new orders, reinforcing our competitive foundation. **Thirdly, we have enhanced operational performance through lean management.** Our disciplined approach to project execution ensures comprehensive control of quality, safety, schedule, and profitability. The revenue from EPC and front-end business has grown steadily, increasing its share of total business while maintaining strong profit margins despite intense market competition. We have delivered several benchmark projects with exceptional standards, quality and efficiency, earning industry recognition including 9 provincial quality awards, 9 provincial design awards, and 9 first-class prizes of National Excellent Welding Projects. **Fourthly, our commitment to technological innovation has yielded high-quality technological supply**. The value of contracts related to technology development, licensing and commercialization throughout the year reached RMB1.1 billion, growing over 30% year-on-year, reflecting enhanced capabilities of research and development and profit creation. Through the expanding technology matrix and coordinated development efforts, we achieved significant breakthroughs in exporting various patented technologies, and entered the innovation and competition arena of core technologies in the global energy and chemical industry chain.

The Group takes the global operations as the core development goal, promotes the internal capability building towards the high-end, and creates a collaborative ecosystem with our industry partners across the value chain.

Firstly, we have developed an overseas operational model that combines "international standards with Chinese distinctive efficiency". Over seven decades of growth, the Company has built a high-performing team with extensive experience, comprehensive expertise and sufficient personnel, offering end-to-end engineering services across the energy and chemical industry value chain. Throughout nearly three decades of international expansion, the Company maintained an open mindset to embrace global best practices. While constantly adapting to "international rules", it has enabled us to align domestic and international standards, promote the deep integration of "international rules" and "Chinese efficiency", and deliver engineering excellence to clients worldwide. **Secondly, we have actively leveraged on the dual strengths in "front-end technical innovation" and "cost-efficient project execution".** By relying on the advantages of integrated collaborative innovation in technology research and development, engineering transformation and engineering design, the Company continues to build high-level front-end engineering capabilities and accelerated its expansion into the premium global markets. We have optimized the entire project delivery chain from design through procurement to construction, while vigorously promoting the application of advanced tooling and strengthening our local operations worldwide. Through strategic development of cost-efficient canters both domestically and internationally, we maintained our competitive advantage in cost-effective execution capabilities. **Thirdly, we have fostered sustainable partnership with strategic customers for win-win cooperation.** Through proactive "outreach and engagement", we strengthened our relationships and deepened mutual trust with large national oil companies and other key clients. While promoting the Group's advantages in industrial chain, technology chain and engineering services comprehensively, we secured early market advantages through extensive preliminary and front-end services. **Fourthly, we have cultivated a collaborative ecosystem with our industry partners.** Through expanded the comprehensive strategic partnerships with international engineering companies, key suppliers and strategic sub-contractors, we have strengthened deep collaboration across preliminary development of projects, global supply chain optimization and project implementation, so as to establish a global industrial chain system with international competitiveness.

The Group is shaping the future competitive edge through innovation, actively promotes the deployment and application of artificial intelligence, and spearhead the novel industrialization of the engineering and construction industry.

Firstly, we have established a new paradigm of industry-academia-research close partnerships driven by enterprise needs. Leveraging our strengths in integration and innovation of projects and engineering transformation, we have aligned our innovation initiatives with “industry chain” requirements to create “sources of original technology”. We have deepened partnerships with upstream research institutions and downstream users through open innovation initiatives. Notable collaborations include establishing the “Joint Research Center for Biomass Utilization (High-value Lignin Applications)” with Guangdong University of Technology to accelerate biomass technology development and commercialization, and the “Low Carbon Joint Research Center” with Sun Yat-sen University. We have also developed substantial research partnerships with research institutes such as Tsinghua University, Chinese Research Academy of Environmental Sciences, Shanghai Institute of Organic Chemistry (Chinese Academy of Sciences), SINOPEC Beijing Research Institute of Chemical Industry and SINOPEC Research Institute of Petroleum Processing in multiple innovation fields. **Secondly, we have strategically focusing our R&D efforts in addressing critical industry needs.** We have intensified our focus in high-end carbon materials, efficient oil to chemical technologies, high-value oil to specialties and sustainable energy solutions to promote efficiency and drive industry advancement. We have also expanded our research portfolio to include advanced materials for emerging markets such as low-altitude aviation, robotics, and automotive lightweight components. **Thirdly, we will actively promote our “Leading New Industrialization in the Engineering Construction Industry” initiative.** We have made significant progress in standardization of refined design, integrated design-build collaboration, smart manufacturing, digital management, digital delivery, intelligent operations, and robotic automation. Through competition in design optimization and constructability review, we have created an effective framework for seamless design-construction, integration. We are also rapidly deploying “automation” technologies, particularly welding robots and intelligent welding systems, to improve efficiency and reduce costs through economies of scale. **Fourthly, we have embraced “Artificial Intelligence +”as a catalyst for industry transformation.** Our “AI for Science, AI for Design, AI for Engineering, AI for Operation” strategy is reshaping our operation and shall be further promoted in our industry. In R&D, we harness AI to accelerate technical innovation and optimization, establishing new research paradigms that maximize the benefits of digital transformation. In engineering design, our AI research initiatives are pioneering the use of AI, knowledge graphs and big data analytics to enhance the designing efficiency. In engineering construction, AI solutions are helping optimize whole lifecycle project scheme, streamline planning iterations, improve scheduling, and boost overall project efficiency.

Looking ahead, we face significant shifts in both “market dynamics” and “industry trends”. The convergence of geopolitical shifts, industrial restructuring, and technological revolutions presents unprecedented challenges. Yet these challenging times often reveal the greatest opportunities for breakthrough and growth. The accelerating transformation of China’s energy and chemical industries creates significant opportunities for the Company’s whole industry chain and lifecycle services. Globally, renewed investment and competition in the energy and chemical sectors, particularly in long-term capital projects, provides significant opportunities for the Company’s international expansion. Artificial intelligence is revolutionizing every aspect of business and industry. Its in-depth integration with engineering R&D, design, and construction promises to unlock transformative.value opportunities.

As China transitions between 14th to 15th Five-Year Plans, we remain committed to our high-quality development strategy focused on "strengthening strategic integration, reinforcing our core business advantages, driving technological innovation, leading industry modernization, advancing international operations, and diversifying value creation." We are committed to achieving world-class excellence. Moving forward, **we will carefully balance development with security,** maintaining our six fundamental principles of "quality, safety, environmental protection, compliance, stability, and integrity." Risk management will be embedded throughout our operations, with lean management enhancing our comprehensive risk control capabilities. **We aim to establish international operations as a new growth engine for high-quality development.** "international rules + Chinese efficiency", This involves leveraging both "international standards and Chinese efficiency," while strengthening our dual advantages in "technical and front-end engineering" and "cost-efficient project execution." Through careful risk management, we strive to ensure our overseas projects are not only winnable and executable but also profitable. **We are setting new standards for industrial modernization by transforming the engineering and construction sector** through "integrated collaboration, technological innovation, digital transformation, smart manufacturing, and sustainable development". The Company's competitive advantage lies in our streamlined organizational structure and exceptional talent base, setting us apart from other construction companies. By embracing the AI revolution at this pivotal moment, we are creating innovative workflows that combine human expertise with machine capabilities and developing talent skilled in AI+ applications. These initiatives aim to dramatically increase productivity per employee and operational efficiency, propelling the Company's business toward exponential growth.

Dear friends, our founding mission remains strong as we stride confidently into the future. We will continue to harness our core strengths – our integrated value chain, market leadership, respected brand, technological expertise, and exceptional talent – in our pursuit of excellence. As the Company advance toward world-class status, we remain focused on delivering greater value for our shareholders, customers, society, and employees!

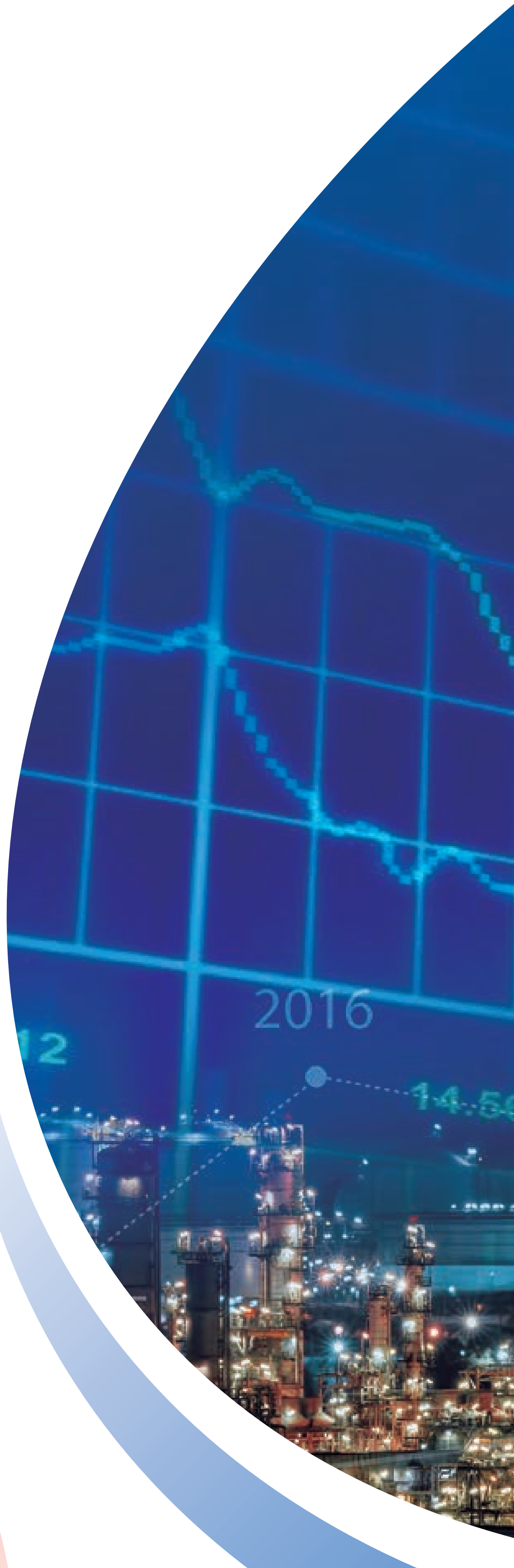
Mr. JIANG Dejun

Chairman of the Board

Beijing, the PRC

14 March 2025

PRINCIPAL FINANCIAL DATA AND INDICATORS




2024
1.7900
1.7855
2021
2023
1.7810
2018
2022
2019
2017

PRINCIPAL FINANCIAL DATA AND INDICATORS

Summary of Financial Data and Indicators Prepared in Accordance with International Financial Reporting Standards ("IFRS")

Unit: RMB'000

Items	As at 31 December 2024	As at 31 December 2023	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020	Changes from the end of 2023 (%)
Non-current assets	8,047,601	8,367,719	8,279,486	7,980,573	7,409,911	(3.8)
Current assets	73,465,738	72,722,013	70,558,130	64,937,676	64,055,416	1.0
Current liabilities	47,854,044	48,021,496	46,568,057	41,370,338	40,672,278	(0.3)
Non-current liabilities	2,077,810	2,151,213	2,170,138	2,430,602	2,537,011	(3.4)
Consolidated equity attributable to equity holders of the Company	31,512,063	30,858,361	30,046,432	29,112,086	28,251,172	2.1
Net assets per share of equity holders of the Company (RMB)	7.17	6.98	6.79	6.58	6.38	2.1

Unit: RMB'000

Items	Year ended 31 December					Changes over the same period of 2023 (%)
	2024	2023	2022	2021	2020	
Revenue	64,198,210	56,353,293	53,028,139	57,759,590	52,352,584	13.9
Gross profit	5,336,500	5,640,699	5,612,325	6,468,189	5,714,072	(5.4)
Operating profit	1,715,213	1,742,527	1,810,813	1,701,898	2,204,379	(1.6)
Profit before taxation	2,851,913	2,774,987	2,762,276	2,592,407	3,010,562	2.8
Profit attributable to equity holders of the Company	2,465,727	2,336,743	2,285,103	2,123,590	2,381,905	5.5
Basic earnings per share (RMB)	0.56	0.53	0.52	0.48	0.54	5.7
Net cash flow (used in)/generated from operating activities	(2,210,914)	2,536,857	6,809,048	2,943,228	2,956,836	–
Net cash flow (used in)/generated from operating activities per share (RMB)	(0.50)	0.57	1.54	0.66	0.67	–

* Note:The comparative figures in this annual report have been restated based on those stated in Note 41 to the financial statements set out in this annual report as the acquisition of Shanghai KSD Bulk Solids Engineering Co., Ltd. (上海金申德粉體工程有限公司) in 2024 is considered as a business combination under common control.

Items	Year ended 31 December				
	2024	2023	2022	2021	2020
Gross profit margin (%)	**8.3**	10.0	10.6	11.2	10.9
Net profit margin (%)	**3.9**	4.2	4.3	3.7	4.6
Return on assets (%)[1]	**3.0**	2.9	3.0	2.9	3.4
Return on equity (%)[2]	**7.8**	7.6	7.6	7.3	8.4
Return on invested capital (%)[3]	**7.9**	7.7	7.8	7.5	8.6

Items	As at 31 December 2024	As at 31 December 2023	As at 31 December 2022	As at 31 December 2021	As at 31 December 2020
Asset-liability ratio (%)[4]	**61.3**	61.9	61.8	60.1	60.5

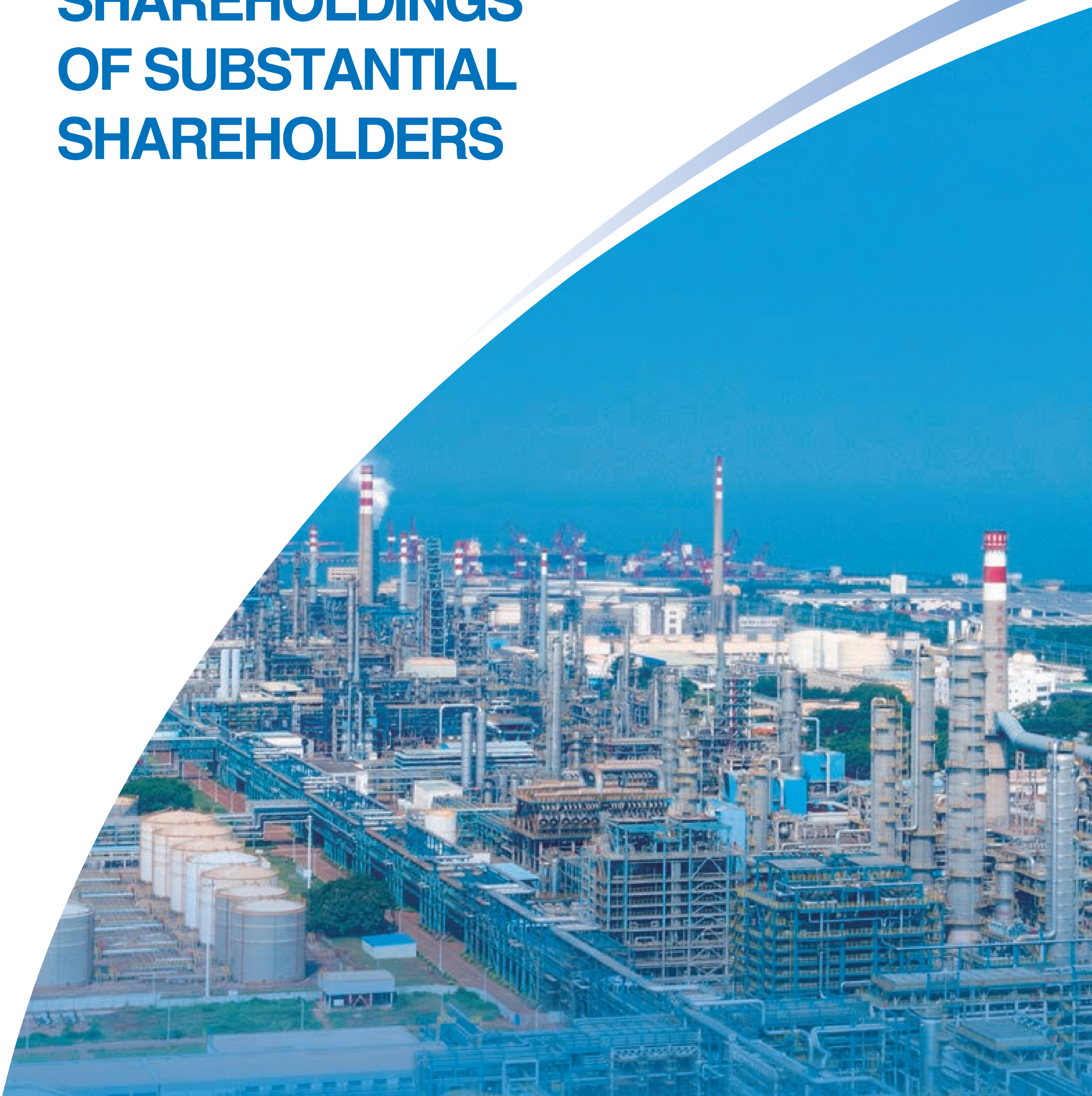
(1) Return on assets = $\dfrac{\text{Profit for the period}}{\text{(The opening total assets + The closing total assets)/2}}$

(2) Return on equity = $\dfrac{\text{Profit for the period}}{\text{Total equity at the end of the period}}$

(3) Return on invested capital = $\dfrac{\text{Earnings before interest and tax (EBIT) for the period} \times \text{(1 – effective income tax rate)}}{\text{Interest-bearing liabilities at the end of the period – Credit loans + Total equity at the end of the period}}$

(4) Asset-liability ratio = $\dfrac{\text{Total liabilities at the end of the year}}{\text{Total assets at the end of the year}}$

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS



CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

1 Changes in the Share Capital of the Company

Unit: Share

	As at 31 December 2023		Increase/Decrease during the Reporting Period (+, -)			As at 31 December 2024	
	Number	Percentage (%)	New shares issued	Others	Subtotal	Number	Percentage (%)
Domestic Shares	2,967,200,000	67.15	–	–	–	2,967,200,000	67.47
Foreign shares listed overseas (H Shares)	1,451,343,500	32.85	–	-20,662,500	–	1,430,681,000	32.53
Total number of shares	4,418,543,500	100.00	–	–	–	4,397,881,000	100.00

2 Shareholdings of Substantial Shareholders

As at the end of the Reporting Period, there were a total of 874 shareholders of the Company. As at 14 March 2025, the public float of the Company satisfied the minimum requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules") according to the information publicly available to the Company and to the knowledge of the Directors.

(1) Shareholdings of the top ten shareholders

Unit: Share

Name of Shareholders	Increase/Decrease during the Reporting Period (+, -)	Number of Domestic Shares held as at the end of the Reporting Period	Number of H Shares held as at the end of the Reporting Period	Percentage as at the end of the Reporting Period	
				In total share capital (%)	In relevant class of shares (%)
China Petrochemical Corporation(1)	-219,980,000	2,747,220,000	–	62.47	92.59
HKSCC NOMINEES LIMITED	-16,356,000	–	1,426,176,780	32.43	99.69
China National Petroleum Corporation(2)	+219,980,000	219,980,000	–	5.00	7.41
HUI MO CHEE	–	–	870,000	0.02	0.06
HUI SIU SHUN WAN	—	–	450,000	0.01	0.03
WONG CHOK SHUN	–	–	300,000	0.01	0.02
WONG CHUI CHUNG	–	–	295,000	0.01	0.02
WONG SIU JUNK	–	–	200,000	0.00	0.01
WONG CHUI CHUNG	+195,500	–	195,500	0.00	0.01
LAM YICK KEUNG GEORGE	+150,000	–	150,000	0.00	0.01
Statement on the connected relationship or acting in concert among or between the aforementioned shareholders	The Company is not aware of any connection or acting in concert among or between the aforementioned top ten shareholders				

(2) Information disclosed according to the Securities and Futures Ordinance

In accordance with the archiving notice submitted through Disclosure of Interests Online System, save as the information disclosed below, as at the end of the Reporting Period, to the knowledge of the Board, no person(s) had an interest or short position in the shares or underlying shares or debentures of the Company (other than Directors, the chief executive of the Company or supervisors of the Company (the "Supervisor(s)")) which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO") or recorded in the register kept under Section 336 of the SFO or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of the Company:

Name of Shareholders	Class of share	Capacity	Number of shares with interests held or regarded as being held (Share)	Percentage in shares of the Company of the same class (%)(5)	Percentage in the total share capital of the Company (%)(6)
China Petrochemical Corporation(1)	Domestic Share	Beneficial owner/Interests of controlled corporation	2,747,220,000 (L)	92.59 (L)	62.47 (L)
China National Petroleum Corporation(2)	Domestic Share	Beneficial owner	219,980,000 (L)	7.41 (L)	5.00 (L)
FMR LLC(3)	H Share	Interests of controlled corporation	146,096,410 (L)	10.21 (L)	3.32 (L)
Fidelity Investment Trust(4)	H Share	Beneficial owner	73,184,819 (L)	5.12 (L)	1.66 (L)

Notes: (L): long position; (S): short position; (P): lending pool.

Notes:

(1) China Petrochemical Corporation (the "Sinopec Group") directly and/or indirectly holds 2,747,220,000 domestic shares of the Company, representing 92.59% of the domestic shares and approximately 62.47% of the total share capital of the Company, respectively. Sinopec Assets Management Co., Ltd. is a wholly-owned subsidiary of Sinopec Group and directly holds 59,344,000 domestic shares, representing 2.00% of the domestic shares and approximately 1.35% of the total share capital of the Company, respectively. Pursuant to the SFO, Sinopec Group is also deemed to be interested in the domestic shares held by Sinopec Assets Management Co., Ltd. The information is based on the Corporate Substantial Shareholders Notice filed by Sinopec Group with the Hong Kong Stock Exchange on 1 November 2024.

(2) China National Petroleum Corporation (the "CNPC") directly holds 219,980,000 domestic shares of the Company, representing 7.41% of the domestic shares and approximately 5.00% of the total share capital of the Company, respectively. The information is based on the Corporate Substantial Shareholders Notice filed by CNPC with the Hong Kong Stock Exchange on 1 November 2024.

(3) The information is based on the Corporate Substantial Shareholders Notice filed by FMR LLC with the Hong Kong Stock Exchange on 23 November 2023.

(4) The information is based on the Corporate Substantial Shareholders Notice filed by Fidelity Investment Trust with the Hong Kong Stock Exchange on 23 November 2023.

(5) It is calculated on the basis that the Company has issued 2,967,200,000 domestic shares and 1,430,681,000 H shares as at the end of the Reporting Period.

(6) It is calculated on the basis that the Company has issued 4,397,881,000 shares in total as at the end of the Reporting Period.

BUSINESS REVIEW AND PROSPECTS

BUSINESS REVIEW AND PROSPECTS

Mr. ZHANG Xinming
Executive Director and President

1 Business Review

(1) Operating Environment

In 2024, China's energy and chemical industry accelerated its transformation towards high-end development, green development and intelligent development, with steady growth in investment intensity. Investments in high-end new materials, low-cost oil-transformed-to-chemical, high-value oil-to-special materials, process optimization and upgrading, and renewal and iteration of equipment have provided strong support for the development of the Group's main business. The integration and mutual promotion of new energy and traditional energy, the thriving markets for energy conservation, emission reduction, and carbon resource utilization, and the breakthroughs in AI, continuously injected new momentum into the quality improvement and efficiency enhancement of the energy and chemical industry.

Globally, the energy and chemical industry is demonstrating trends toward integration, clustering, high-end development, green development, and diversification, with robust capital expenditures creating greater opportunities for the Group's development. The Middle East Gulf region remains the largest regional market for the expansion of oil and gas and refining capacity; the Central Asian region has strong complementarity with China in terms of production capacity, capital, engineering technology, etc., with increasing investment in petrochemical and natural gas chemicals; the oil and gas and refining industries in Southeast Asia are entering a prosperous cycle, and the investments in natural gas, LNG, and large-scale chemical complexes may usher in a new era of prosperity; both the capacity expansion in Africa and the high-end transformation in Latin America also have significant market potential.

Overall, despite of the more and more intensified market competition, the new evolution of both domestic and overseas markets has also provided potential space for the Company's future business expansion.

(2) Operation Overview

During the Reporting Period, the Group's total revenue was RMB64.198 billion, representing a year-on-year increase of 13.9%; profits attributable to equity holders of the Company were RMB2.466 billion, representing a year-on-year increase of 5.5%.

The business of the Group mainly comprises four segments: (1) engineering, consulting and licensing; (2) EPC Contracting; (3) construction; and (4) equipment manufacturing.

The following table sets forth the revenue generated from each of the segments and their respective percentage of the Group's total revenue (before inter-segment elimination) for the periods indicated:

	Year ended 31 December				
	2024		2023		
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Change
	(RMB'000)	(%)	(RMB'000)	(%)	(%)
Engineering, consulting and licensing	**4,160,134**	**5.9**	3,822,158	6.2	8.8
EPC Contracting	**37,998,934**	**54.1**	32,119,890	51.8	18.3
Construction	**27,275,502**	**38.9**	25,278,988	40.8	7.9
Equipment manufacturing	**745,897**	**1.1**	731,149	1.2	2.0
Subtotal	**70,180,467**	**100.0**	61,952,185	100.0	13.3
Total (after inter-segment elimination)(1)	**64,198,210**	**N/A**	56,353,293	N/A	13.9

Note:

(1) "Total (after inter-segment elimination)" means the aggregate revenue generated from each business segment after inter-segment elimination to exclude the impact of inter-segment transactions. Inter-segment elimination mainly arises from the inter-segment sales to the EPC Contracting segment made by the engineering, consulting and licensing, engineering construction and equipment manufacturing segments.

During the Reporting Period, the value of new contracts of the Group amounted to RMB100.613 billion, representing a year-on-year increase of 25.4%. As at the end of the Reporting Period, the backlog of the Group amounted to RMB172.677 billion, representing 2.69 times of the total revenue of RMB64.198 billion in 2024.

The following table sets forth the Group's new contract and backlog for the periods indicated:

	For the twelve-month period ended 31 December 2024	For the twelve-month period ended 31 December 2023	Change
	(RMB'000)	(RMB'000)	(%)
New contract	**100,612,561**	80,251,717	25.4

	As at 31 December 2024	As at 31 December 2023	Change
	(RMB'000)	(RMB'000)	(%)
Backlog	**172,676,580**	136,262,230	26.7

During the Reporting Period, the Group's capital expenditure was RMB1.021 billion, representing a year-on-year decrease of 4.4%. During the Reporting Period, the Group's capital expenditures was mainly for contract energy management, specialized construction equipment, procurement of large lifting and transport equipment and specialized construction equipment, strategic emerging industry projects, information technology development, office facilities and other auxiliary infrastructure constructions, etc.

The following table sets forth the Group's capital expenditure for the periods indicated:

	As at 31 December 2024	As at 31 December 2023	Change
	(RMB'000)	(RMB'000)	(%)
Capital expenditure	**1,020,960**	1,067,534	(4.4)

(3) Business Highlights

Maintaining a good momentum of QHSE performance

During the Reporting Period, the Group had 1,596 on-going domestic and overseas projects with over 100,000 on-site employees on average per day. As at the end of the Reporting Period, the cumulative safety labor hours were 380 million, and no safety, quality or environmental protection incidents were reported throughout the year.

During the Reporting Period, the Group continuously improved its project QHSE control standards and the management system operated effectively. The Group comprehensively promoted the construction of the "three basics" work safety standardization team, carried out training and certification on three types of management personnel including group leaders, team leaders and subcontractors, and completed the training covering all the strategic subcontractors. The Group promoted the application of the "Safety Pocket Book", established a comprehensive training and business competition mechanism for design, technology, quality and safety personnel, and the training performance of grassroots safety personnel and professional quality inspectors increased by 22% and 36%, respectively. The Group implemented the informatization management of "major hazardous projects", carried out inspection on design quality and physical quality, strengthened process assessment, and promoted the transformation of accident handling to prevention in advance. Focusing on the four major goals of carbon reduction, pollution reduction, efficiency improvement and green development, the second stage of green enterprise action was carried out, and the key laboratory for soil and groundwater pollution prevention and green remediation was established to comprehensively promote the treatment of VOCs and dust. The Group formulated green and ecological design guidelines, to strengthen the source management of energy and environment for construction projects and promote the intrinsic energy conservation and environmental protection of construction projects.

During the Reporting Period, ExxonMobil Huizhou Ethylene Project, a project designed and constructed by the Group, was awarded the "President's Award for Safety of Global Project" by the owner for the second time.

Quantitative and qualitative increase in market development

During the Reporting Period, the value of new contracts signed by the Group was RMB100.613 billion, breaking the threshold of RMB100 billion for the first time and hitting a new record high, representing a year-on-year increase of 25.4%. Among which, the value of newly signed domestic contracts was approximately RMB62.102 billion, representing a year-on-year increase of 5.6%; the value of newly signed overseas contracts was approximately USD5.349 billion, representing a year-on-year increase of 79.6%.

In the domestic market, the Group fully leveraged on its advantages in the entire industry chain to further grow in strategic emerging fields such as new technologies, new materials and new energy while consolidating its advantages in traditional businesses. During the Reporting Period, we signed the technology licensing contracts covering million-ton ethylene, million-ton aromatics, polypropylene and third-generation DMTO (DMTO-III); signed a batch of engineering design contracts for high-end new materials projects including CHN Energy Coal Chemicals, CNOOC Shell Huizhou Phase III Ethylene, CNOOC Shell Huizhou Polycarbonate and Yatong Chemical and Zhejiang Petrochemical; and signed a large batch of EPC contracts for areas such as refining and chemical integration, refining renovation and upgrading, new coal chemicals and new materials.

During the Reporting Period, the representative newly signed domestic contracts included the EPC contract for certain units of North Huajin United Petrochemical Fine Chemical and Raw Material Engineering Project (the "Aramco Huajin Project") with a total contract value of approximately RMB6.364 billion; the EPC contract for certain units of SINOPEC SABIC Petrochemical Fujian Gulei Ethylene and Downstream Deep Processing Consortium Project (the "SABIC Mangguo Ethylene Project") with a total contract value of approximately RMB6.164 billion; the EPC contracts for certain units of Lianhong Gerun (Shandong) Integrated Project of New Energy Materials and Biodegradable Materials (the "Lianhong New Materials Project") with a total contract value of approximately RMB3.536 billion; the EPC contracts for certain units of China Coal Yulin Coal Deep Processing Base Project (the "China Coal Yulin Coal Chemical Project") with a total contract value of approximately RMB3.117 billion; the EPC contracts for Sinopec Ningbo Zhenhai Refining and Chemical Polyolefin Elastomer (POE) unit (the "Zhenhai Refining and Chemical POE Project") with a contract value of approximately RMB1.160 billion; the EPC contracts for Sinopec INEOS Tianjin Nangang Ethylene and Downstream High-end New Materials Industry Cluster Polyolefin Elastomer (POE) unit (the "Tianjin Nangang POE Project") with a contract value of approximately RMB882 million. During the Reporting Period, the value of new contracts signed by the Group in the strategic emerging business fields increased significantly by 63% on a year-on-year basis. Among them, 37 contracts were awarded in the clean energy/new energy fields, with the value of new contract of approximately RMB100 million; 209 contracts were awarded in the emerging fields such as new materials and new technologies, with the value of new contract of approximately RMB12.4 billion.

In the overseas market, the Group strengthened the alliance with international peers and enhanced high-level mutual visits and promotional exchanges with strategic clients, thereby continuously expanding and optimizing our overseas market development. During the Reporting Period, we signed the PMC contract for Saudi Aramco's Ras Tanura Island Steam Treatment Facility Project, achieving a historic breakthrough in overseas PMC business; and won the bid of a series of technology transfer contracts, achieving significant progress in exporting polyolefin and aromatic technologies. We were awarded contracts for the basic design of sulfuric acid project for Kazakhstan Copper, and the feasibility studies for phosphogypsum project in Morocco and coal-to-methanol/aviation kerosene project in South Africa, making further breakthroughs in new markets and fields.

During the Reporting Period, the representative newly signed overseas contracts included the EPC contracts of the ethane cracking project of the Kazakhstan Silleno petrochemical complex project (the "Kazakhstan Silleno Project") with a contract value of approximately US$1.250 billion; the EPC contracts for gas compression (GCP) of Saudi Aramco's Jafurah gas expansion project phase III (the "Saudi Jafurah Project Phase III") with a contract value of approximately US$900 million; the construction contracts of Saudi Arabia Mining Corporation's northern sulfur and phosphorus chemical project phase III (the "Saudi Northern Sulfur and Phosphorus Chemical Project") with a contract value of approximately US$363 million; the construction contracts of the mechanical, electrical and instrumentation installation works of the ADNOC MERAM ethane recovery project in the United Arab Emirates (the "UAE Ethane Recovery Project") with a contract value of approximately US$215 million.

Continuous improvement in project execution capability

During the Reporting Period, the Group promoted the construction of on-hand projects while maintaining high quality, organized the review of implementation plans for key projects, strengthened the entire process management of projects, soundly conducted assessment on project milestones, strengthened the management of contract changes and process settlement, and effectively prevented operational risks. The Group continued to carry out special work on design optimization, carried out special work on design optimization with the pilot projects such as Aramco Huajin, Zhenhai, Saudi Amiral, etc. and completed a total of 148 design optimization projects; further promoted the experience in integration of design and construction to improve design and construction efficiency. The Group strengthened the cultivation of strategic subcontractors, resulting in effective improvement of the execution ability of subcontracting resources and project quality. The Group actively prepared for the establishment of low-cost operation centers and resource allocation centers for overseas regional projects, continuously improved its ability to localize human resources management for overseas projects, organized projects for enhancement of overseas purchase management and initiated the establishment of the platform for management of overseas purchase resources to further reduce cost and increase efficiency.

During the Reporting Period, the Group's major projects under implementation were as follows:

Zhenhai Refining and Chemical, and High-end Synthetic New Materials Project (EPC) ("Zhenhai Base Project Phase II"): please refer to the announcements dated 14 April 2023, 24 February 2023 and 14 October 2022 and the 2022 annual report dated 19 March 2023 published by the Company for details of this project. As at the end of the Reporting Period, the project was completed and delivered, and officially entered the stage of inputting production materials and conducting trial operation, marking the completion of the largest petrochemical industrial base in China.

PetroChina Jihua Transformation and Upgrading Project (EPC) ("Jihua Transformation and Upgrading Project"): please refer to the announcement dated 14 April 2023 and the 2022 annual report dated 19 March 2023 published by the Company for details of this project. As at the end of the Reporting Period, the project was in the final stage of construction with an overall progress of over 90%, which was close to delivery.

Longkou LNG Project (EPC): please refer to the announcement dated 24 February 2022 published by the Company for details of this project. As at the end of the Reporting Period, the project was in the final stage of construction with an overall progress of over 90%.

Aramco Huajin Project (EPC): please refer to the 2024 interim report dated 18 August 2024 and the announcements dated 15 April 2024 and 26 February 2024 published by the Company for details of this project. As at the end of the Reporting Period, the project was in the stage of equipment steel structure installation with an overall progress of over 30%.

SABIC Mangguo Ethylene Project (EPC): please refer to the 2024 interim report dated 18 August 2024 published by the Company for details of this project. As at the end of the Reporting Period, the project was in the stage of equipment steel structure installation and pipeline prefabrication with an overall progress of over 40%.

ExxonMobil Huizhou Ethylene Project (BEPC): please refer to the announcement dated 12 April 2021 published by the Company for details of this project. As at the end of the Reporting Period, the project was completed and delivered, and the Group was granted the "President's Award for Safety of Global Project of ExxonMobil" twice.

Saudi Aramco's Crude Oil Pumping Station Upgrading and Improvement Project (EPC): please refer to the announcement dated 16 April 2020 published by the Company for details of this project. As at the end of the Reporting Period, the project was substantially completed and was in the final stage with an overall progress of over 90%.

Algerian LNG/MTBE (EPC) Project: please refer to the announcement dated 19 April 2022 and the 2022 annual report dated 19 March 2023 published by the Company for details of this project. As at the end of the Reporting Period, the design and procurement of the project was substantially completed, and the project is currently in the peak stage of construction with an overall progress of over 50%.

Kazakhstan Silleno Project (EPC): please refer to the announcement dated 22 September 2024 published by the Company for details of this project. As at the end of the Reporting Period, the project was in the stage of design and procurement with an overall progress of over 10%.

Saudi Riyas NGL Project (EPC): please refer to the announcement dated 26 February 2024 published by the Company for details of this project. As at the end of the Reporting Period, the design stage of the project was almost completed, and the project is entering the construction stage with an overall progress of over 20%.

Saudi AMIRAL Project (EPC): please refer to the announcement dated 27 June 2023 published by the Company for details of this project. As at the end of the Reporting Period, the design work of the project was substantially completed, and the project is currently in the stage of civil construction with an overall progress of over 30%.

Saudi Jafurah Project Phase III (EPC): please refer to the 2024 interim report dated 18 August 2024 published by the Company for details of this project. The project was contracted in June 2024 and is currently undergoing design and procurement work with an overall progress of over 10%.

ExxonMobil Singapore CRISP Integrated Project (C): As at the end of the Reporting Period, the project was substantially completed and was in the final stage with an overall progress of over 90%.

Note: "EPC" refers to engineering, procurement and construction contracting, "BEPC" refers to basic design + EPC and "C" refers to construction contracting.

Steady progress in leading technology

During the Reporting Period, the Group signed various new technology development contracts with a total contract value of RMB600 million, representing a year-on-year increase of over 50%; and new technology licensing and technology conversion contracts with a total amount of RMB500 million, representing a year-on-year increase of over 20%.

During the Reporting Period, the Group filed 762 new patent applications, of which 76.6% were invention patents; and 384 newly licensed patents, of which 52.3% were invention patents. As at the end of the Reporting Period, the Company had 4,589 valid patents, of which 50.6% were invention patents. The number of patents continued to grow and the quality of patents was consistently optimized.

During the Reporting Period, the Group received a total of 70 science and technology progress awards in scientific and technical innovation and engineering construction fields at the provincial and ministerial or above level, including the second prize of the National Scientific and Technological Progress Award for the "design, manufacturing and maintenance technology of long-life large-scale ethylene cracking reactors", the first prize of the SINOPEC Science and Technology Progress Award for the "research and application of key technologies for long-term safety production in high acid gas fields", the second prize of the SINOPEC Technology Invention Award for the "development and application of technology for production of chemicals through catalytic cracking of crude oil (CCPP)"; two national excellent design bronze awards; and two national excellent engineering awards.

During the Reporting Period, the Group focused its efforts on tackling key core technologies, undertaking a total of 31 national-level projects, 33 key research projects of the group companies and 16 major projects of the group companies.

Leading new industrialization

The Group focused on developing new quality productive forces and building core competitiveness on innovation and practicality. The Group proactively adapted to and actively led the new round of technological revolution and industrial transformation in the engineering construction industry, promoted the coordination of design, building, construction, operation and maintenance, and accelerated the application of advanced technologies with low resource consumption and environmental pollution. During the reporting period, the Group actively promoted the research on 12 specialized projects for "leading the new industrialization of the engineering construction industry", and made phased achievements in areas including standardized lean design, integrated collaboration, industrialized intelligent manufacturing, informatization management, digital delivery, intelligent operation and maintenance, and robot substitution.

During the Reporting Period, the Group optimized and integrated its corporate management system and management process to build a unified and complete information application framework 2.0. Under this framework, activities over the full life cycle of engineering projects were systematically integrated to maximize value in the full life cycle of engineering construction. The Group further improved the informatization deployment of "data + platform + application", and coordinated the data crossing and business process standardization work in aspects such as operation management, project management and smart construction site.

During the Reporting Period, the Group took the lead in conducting research on the theme of AI design to explore transformation from traditional design to generative design. The Group continued to strengthen the application of research results of "Machine OEM", and continued to promote the research and development and application of construction technologies such as automatic welding robots and intelligent welding demonstration production lines as well as high-efficiency tooling, so as to effectively reduce costs and improve efficiency. Leveraging on the roles of big data and technical experts, the Group led the implementation of digital pipeline network construction in 31 refinery and chemical enterprises, accelerating the development of smart maintenance and operation projects. With the Group's coordination, industrial Internet + equipment, localized 3D factory design software, and smart projects in the field of design and construction were also seen advancing. During the Reporting Period, the adaptation verification of the industrial simulation software designed by the Group passed the national acceptance inspection.

Activate talent's initiative

Employee has always been the major force in the Group's development. During the Reporting Period, the Group handled talent-related matters with broader vision and more resources under its in-depth development strategy featured as "building a strong enterprise through talent". Specifically, the Group focused on identifying suitable personnel for management positions, which highlighted the Group's commitment to meritocracy. As a result, the competence of the Group's management team enhanced continuously. The Group also initiated trial programs to introduce skilled workforce in the society through optimizing and refining "talent introducing, cultivating and motivating" measures to pool together talents and build a strong team. Meanwhile, the Group continued to supplement expert management systems, improve position management measures and strengthen trainings for technicians and onsite managerial group leaders at all levels. Underpinned by deepened reform, the Group implemented group-wide term-based appointment and covenant-based management systems for managerial roles at all levels, so as to motivate the enterprise's kinetic energy for high-quality development.

2 Business Outlook

In 2025, adverse effects brought by changes in external environment may continue, but with the introduction of a series of favorable policies by the Chinese government, social confidence is significantly boosted and factors for positive economic development are accumulating, therefore creating a favorable environment for the production and operations of the Group.

In 2025, the Group will adhere to the overall keynote of "seeking progress while maintaining stability and promoting stability through progress" according to the work arrangement of the Board to continuously promote "effective improvement in quality and reasonable growth in quantity" and strive to achieve the annual production and operation goals with high quality. In light of the industry development trends and actual production and operations, the Group has set the targets for 2025 with respect to new contract amount of RMB63 billion in domestic market and USD5 billion in overseas market. In line with the annual targets, the Group will focus on the following tasks:

Firstly, the Group will exert greater efforts in market development and effectively improve the quantity and quality of contracts. In domestic market, the Group will consolidate its leading position in traditional fields, strengthen the overall development of and strategic cooperation with strategic customers to expand customer base; and seize the new opportunities brought by energy transformation and upgrading and the development of the strategic emerging industries, as well as the new business opportunities brought by the growth of demand for new and high-end materials to move towards becoming a comprehensive service provider in multiple fields. In oversea market, the Group will increase its customers and partners with a more open attitude, consolidate and deepen its relationships with key customer and partners, continue to expand its footprint in overseas market and increase its revenue from international business; leverage on the opportunity of regional capacity expansion to expand and strengthen its fundamental footprint in the Middle East and Central Asia markets, continue to deeply cultivate the Africa, the Southeast Asia and the Americas markets and strengthen market cultivation and diversified expansion; and persist in leading high-end front-end business and participate more extensively in high-end technology and front-end engineering projects.

Secondly, the Group will exert greater efforts in project management to promote the improvement of profitability and quality. The Group will strengthen risk management throughout the entire project process, continuously improve contract performance capabilities, enhance cost control and improve the progress, revenue, cost planning as well as contract changes and process settlement management. The Group will increase its investment in domestic and overseas manpower and resources, focus on the overall planning and management of projects, and promote the establishment of overseas low-cost operation centers, so as to complete the construction of projects with high efficiency and high quality, thereby enhancing the value of shareholders, customers, the society and employees as a whole. The Group will also give full play to the advantage of the integration of the entire industry chain, focus on the optimization of the entire process of design, procurement and construction, and accelerate the promotion and application of research results of, among others, design optimization and constructability, thereby enhancing the profitability of the entire chain. The Group will enhance its risk identification and management at the source, deepen the establishment of QHSE management system, enhance the whole-process supervision and improve the quality and ability of all employees, thereby consolidating the foundation of green, environmental protection and safety development of the Company.

Thirdly, the Group will exert greater efforts in technological innovation and create new driving forces and advantages for development. The Group will be committed to the competitiveness analysis of the entire industry chain, optimize its deployment with reference to the needs for transformation and upgrading of the industry, strengthen opening-up cooperation, deepen the collaboration between the industry and academia and research, and promote the strengthening, replenishment and extension of the industrial chain of the Company. The Group will focus on high-end and green development and accelerate the integrated innovation and engineering transformation for new energy and new material projects, thereby injecting new impetus into the quality improvement and efficiency enhancement of traditional industries and the efficient development of emerging industries. The Group will also deepen the transformation and application of research results of “machine OEM”, vigorously implement the strategy of “replacing labor with machines”, and continuously promote the efficiency enhancement for construction management. The Group will actively utilize digital technologies and green technologies to transform and upgrade traditional industries while deploying its resources in future industries, accelerate the achievement of technological breakthroughs and scenario application along the entire chain, and optimize and upgrade the Company’s business by AI technology empowerment.

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the Group's audited financial statements and the accompanying notes contained in this annual report. The relevant financial data below, unless otherwise stated, are extracted from the Group's audited financial statements prepared according to the IFRSs.

1 Consolidated Results of Operations

The following table sets forth the consolidated comprehensive income and comprehensive income statement of the Group for the years indicated.

	Year ended 31 December				
	2024		2023		
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Change
	(RMB' 000)	(%)	(RMB' 000)	(%)	(%)
Revenue	64,198,210	100.0	56,353,293	100.0	13.9
Cost of sales	(58,861,710)	(91.7)	(50,712,594)	(90.0)	16.1
Gross profit	5,336,500	8.3	5,640,699	10.0	(5.4)
Other income	248,215	0.4	24,725	0.0	903.9
Selling and marketing expenses	(177,818)	(0.3)	(188,759)	(0.3)	(5.8)
Administrative expenses	(1,343,756)	(2.1)	(1,355,457)	(2.4)	(0.9)
Research and development costs	(2,515,106)	(3.9)	(2,211,106)	(3.9)	13.7
Other operating income/(expenses)	13,609	0.0	(207,019)	(0.4)	–
Other gains – net	153,569	0.2	39,444	0.1	289.3
Operating profit	1,715,213	2.7	1,742,527	3.1	(1.6)
Finance income	1,199,790	1.9	1,091,649	1.9	9.9
Finance expenses	(68,008)	(0.1)	(72,331)	(0.1)	(6.0)
Finance income – net	1,131,782	1.8	1,019,318	1.8	11.0
Share of (loss)/profit of joint arrangements	60	0.0	178	0.0	(66.3)
Share of profit of associates	4,858	0.0	12,964	0.0	(62.5)
Profit before taxation	2,851,913	4.4	2,774,987	4.9	2.8
Income tax expenses	(378,187)	(0.6)	(430,880)	(0.8)	(12.2)
Profit for the year	2,473,726	3.9	2,344,107	4.2	5.5

(1) Revenue

During the Reporting Period, the Group's total revenue was RMB64.198 billion, representing a year-on-year increase of 13.9%, which was mainly due to the fact that projects such as Aramco Huajin Project, Jihua Transformation and Upgrading Project, SABIC Mangguo Ethylene Project and Zhenhai Base Project Phase II entered construction peak consecutively, resulting a year-on-year increase in revenue.

(2) Cost of sales

Cost of sales of the Group was RMB58.862 billion, representing a year-on-year increase of 16.1%, which was mainly due to the increase in subcontracting costs such as materials and equipment in line with the increase in revenue.

(3) Gross profit

Gross profit of the Group was RMB5,337 million with a decrease in gross profit margin to 8.3% from 10.0% for the same period of last year, which was mainly due to intensified market competition resulting in decrease in project profitability.

(4) Other income

Other income of the Group was RMB248 million, representing a year-on-year increase of 903.9%, which was mainly due to a year-on-year increase in exchange gains caused by the fluctuation of exchange rates of certain foreign currencies during the Reporting Period.

(5) Selling and marketing expenses

Selling and marketing expenses of the Group were RMB178 million, representing a year-on-year decrease of 5.8%, which was mainly due to greater efforts in expenditure control resulting in decrease in expenses.

(6) Administrative expenses

Administrative expenses of the Group were RMB1,344 million, which remained broadly stable on a year-on-year basis.

(7) Research and development costs

Research and development expenses of the Group were RMB2,515 million, representing a year-on-year increase of 13.7%, which was mainly due to the increased investment in research and development of key core technologies for key scientific research projects during the Reporting Period.

(8) Other operating income/(expenses)

Other operating income of the Group was RMB14 million, which was mainly due to reversal of provision for impairment.

(9) Other gains – net

Other gains – net of the Group were RMB154 million, representing a year-on-year increase of 289.3%, which were mainly due to revitalization of idle assets and gains on disposal of equity interests in Sinopec Tech.

(10) Operating profit

As a result of the foregoing, operating profit of the Group was RMB1,715 million during the Reporting Period, representing a year-on-year decrease of 1.6%.

(11) Finance income – net

Finance income – net of the Group was RMB1,132 million, representing a year-on-year increase of 11.0%, which was mainly due to the increase in foreign currency deposits and interest rates resulting in an increase in interest income from deposits.

(12) Income tax expenses

Income tax expenses of the Group were RMB378 million, representing a year-on-year decrease of 12.2%, with the effective income tax rate of 13.3%. The change in effective income tax rate was mainly due to the profit fluctuation of certain subsidiaries with different tax rates.

(13) Profit for the year

As a result of the foregoing, profit for the year of the Group was RMB2,474 million, representing a year-on-year increase of 5.5%.

2 Discussion on Results of Operations by Business Segment

The following table sets forth segment revenue, gross profit, gross profit margin, operating profit and operating profit margin of each of the Group's business segments for the periods indicated:

	Segment revenue		Segment gross profit		Segment gross profit margin		Segment operating profit		Segment operating profit margin	
	Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	(RMB'000)		(RMB'000)		(%)		(RMB'000)		(%)	
Engineering, consulting and licensing	4,160,134	3,822,158	1,268,740	1,152,040	30.5	30.1	236,970	293,322	5.7	7.7
EPC Contracting	37,998,934	32,119,890	2,726,396	2,700,093	7.2	8.4	1,046,971	1,023,283	2.8	3.2
Construction	27,275,502	25,278,988	1,301,095	1,735,247	4.8	6.9	221,829	403,850	0.8	1.6
Equipment manufacturing	745,897	731,149	40,269	53,319	5.4	7.3	9,880	7,950	1.3	1.1
Unallocated	N/A	N/A	N/A	N/A	N/A	N/A	199,563	14,122	N/A	N/A
Subtotal	70,180,467	61,952,185	5,336,500	5,640,699	N/A	N/A	1,715,213	1,742,527	N/A	N/A
Total after inter-segment elimination (3)	64,198,210	56,353,293	5,336,500	5,640,699	8.3(1)	10.0(1)	1,715,213	1,742,527	2.7(2)	3.1(2)

Notes:

(1) Total gross profit margin is calculated based on total gross profit divided by total revenue, and total revenue is the gross earnings generated after inter-segment elimination in all the business segments.

(2) Total operating profit margin of the segment is calculated based on the total operating profit of the segment divided by total revenue, and total revenue is the gross earnings generated after inter-segment elimination in all the business segments.

(3) Inter-segment elimination is mainly caused by the inter-segment sales made by the engineering, consulting and licensing, engineering construction and equipment manufacturing segments to the EPC Contracting segment. Other information on inter-segment sales is set out in Note 7 to the financial statements contained in this annual report.

Engineering, Consulting and Licensing

Results of operations of the Group's engineering, consulting and licensing business are as follows:

	Year ended 31 December			
	2024		2023	
	Amount	Percentage of segment revenue	Amount	Percentage of segment revenue
	(RMB'000)	(%)	(RMB'000)	(%)
Revenue	4,160,134	100.0	3,822,158	100.0
Cost of sales	(2,891,394)	(69.5)	(2,670,118)	(69.9)
Gross profit	1,268,740	30.5	1,152,040	30.1
Selling and marketing expenses	(47,204)	(1.1)	(49,023)	(1.3)
Administrative expenses	(235,184)	(5.7)	(254,195)	(6.7)
Research and development costs	(673,193)	(16.2)	(555,004)	(14.5)
Other income and expenses	(76,189)	(1.8)	(496)	(0.0)
Operating profit	236,970	5.7	293,322	7.7

(1) Revenue

During the Reporting Period, revenue generated from the Group's engineering, consulting and licensing business segment was RMB4,160 million, representing a year-on-year increase of 8.8%, which was mainly due to the increase in front-end business volume.

(2) Cost of sales

Cost of sales of the Group's engineering, consulting and licensing business segment was RMB2,891 million, representing a year-on-year increase of 8.3%, which was mainly due to the increase in costs in line with the increase in business volume.

(3) Gross profit

Gross profit of the Group's engineering, consulting and licensing business segment was RMB1,269 million, representing a year-on-year increase of 10.1% with the increase in gross profit margin to 30.5% from 30.1% for the same period of last year.

(4) Selling and marketing expenses

During the Reporting Period, selling and marketing expenses of the Group's engineering, consulting and licensing business segment was RMB47 million, which remained broadly stable on a year-on-year basis.

(5) Administrative expenses

During the Reporting Period, administrative expenses of the Group's engineering, consulting and licensing business segment was RMB235 million, representing a year-on-year decrease of 7.5%, which was due to the Group's greater efforts in expenditure control.

(6) Research and development costs

Research and development costs of the Group's engineering, consulting and licensing business segment were RMB673 million, representing a year-on-year increase of 21.3%, which were mainly due to optimization of R&D investment projects to focus on oil-to-chemical products, oil-to-specialty products, green and low-carbon, new energy and high-end materials projects resulting in the increase in R&D investment.

(7) Operating profit

Due to the above reasons, during the Reporting Period, the operating profit of the Group's engineering, consulting and licensing segment was RMB237 million, representing a year-on-year decrease of 19.2%.

EPC Contracting

The operating results of the Group's EPC Contracting business are as follows:

	Year ended 31 December			
	2024		2023	
	Amount	Percentage of segment revenue	Amount	Percentage of segment revenue
	(RMB'000)	(%)	(RMB'000)	(%)
Revenue	37,998,934	100.0	32,119,890	100.0
Cost of sales	(35,272,538)	(92.8)	(29,419,797)	(91.6)
Gross profit	2,726,396	7.2	2,700,093	8.4
Selling and marketing expenses	(77,338)	(0.2)	(84,237)	(0.3)
Administrative expenses	(481,671)	(1.3)	(503,162)	(1.6)
Research and development costs	(1,187,187)	(3.1)	(1,031,543)	(3.2)
Other income and expenses	66,771	0.2	(57,868)	(0.2)
Operating profit	1,046,971	2.8	1,023,283	3.2

(1) Revenue

During the Reporting Period, the revenue generated from the Group's EPC Contracting segment was RMB37.999 billion, representing a year-on-year increase of 18.3%, which was mainly due to large-scale general contracting projects such as Aramco Huajin Project, Jihua Transformation and Upgrading Project and SABIC Mangguo Ethylene Project entering the peak construction period.

(2) Cost of sales

The cost of sales of the Group's EPC Contracting segment was RMB35.273 billion, representing a year-on-year increase of 19.9%, which was mainly due to the corresponding increase in procurement, subcontracting and other costs as business volume increased.

(3) Gross profit

The gross profit of the Group's EPC Contracting segment was RMB2.726 billion, representing a year-on-year increase of RMB26 million. The gross profit margin was 7.2%, representing a decrease of 1.2% on a year-on-year basis.

(4) Selling and marketing expenses

During the Reporting Period, due to the increased control of expenses by the Group, the selling and marketing expenses of EPC Contracting segment were RMB77 million, representing a year-on-year decrease of 8.2%.

(5) Administrative expenses

During the Reporting Period, due to the increased control of expenses by the Group, the administrative expenses of Contracting segment were RMB482 million, representing a year-on-year decrease of 4.3%.

(6) Research and development costs

The research and development costs of the Group's EPC Contracting segment were RMB1.187 billion, representing a year-on-year increase of 15.1%, which was mainly due to an increase in research and development investment as a result of its focus on "oil to chemicals", "oil to specialties", green and low-carbon, new energy and high-end new materials.

(7) Operating profit

Due to the above reasons, during the Reporting Period, the operating profit of the Group's EPC Contracting segment was RMB1.047 billion, representing a year-on-year increase of 2.3%.

Construction

The operating results of the Group's construction business are as follows:

	Year ended 31 December			
	2024		2023	
	Amount	Percentage of segment revenue	Amount	Percentage of segment revenue
	(RMB'000)	(%)	(RMB'000)	(%)
Revenue	**27,275,502**	**100.0**	25,278,988	100.0
Cost of sales	**(25,974,407)**	**(95.2)**	(23,543,741)	(93.1)
Gross profit	**1,301,095**	**4.8**	1,735,247	6.9
Selling and marketing expenses	**(49,846)**	**(0.2)**	(53,183)	(0.2)
Administrative expenses	**(576,582)**	**(2.1)**	(581,207)	(2.3)
Research and development costs	**(690,862)**	**(2.5)**	(596,161)	(2.4)
Other income and expenses	**238,024**	**0.9**	(100,846)	(0.4)
Operating profit	**221,829**	**0.8**	403,850	1.6

(1) Revenue

During the Reporting Period, the revenue generated from the Group's construction segment was RMB27.276 billion, representing a year-on-year increase of 7.9%, which was mainly due to the fact that large-scale construction projects such as Singapore CRISP Integration Project and Saudi Arabia Project Cluster were in the peak of construction.

(2) Cost of sales

The cost of sales of the Group's construction segment was RMB25.974 billion, representing a year-on-year increase of 10.3%, which was mainly due to the corresponding increase in costs as revenue increases.

(3) Gross profit

The gross profit of the Group's construction segment was RMB1.301 billion and the gross profit margin was 4.8%, which was mainly due to the increase in subcontracting services and labor costs, resulting in a year-on-year decrease in the total gross profit and gross profit margin of the construction business.

(4) Selling and marketing expenses

During the Reporting Period, due to the increased control of expenses by the Group, the selling and marketing expenses of the Group's construction segment was RMB50 million, representing a year-on-year decrease of 6.3%.

(5) Administrative expenses

During the Reporting Period, the administrative expenses of the Group's construction segment were RMB577 million, which remained broadly stable on a year-on-year basis.

(6) Research and development costs

The research and development costs of the Group's construction segment were RMB691 million, representing a year-on-year increase of 15.9%, which was mainly due to the increase in investment in research and development a result of its focus on the research and development and application of advanced tooling represented by welding robots and intelligent welding equipment.

(7) Operating profit

Due to the above reasons, during the Reporting Period, the operating profit of the Group's construction segment was RMB222 million, representing a year-on-year decrease of 45.1%.

Equipment Manufacturing

The operating results of the Group's equipment manufacturing business are as follows:

	Year ended 31 December			
	2024		2023	
	Amount	Percentage of segment revenue	Amount	Percentage of segment revenue
	(RMB'000)	(%)	(RMB'000)	(%)
Revenue	745,897	100.0	731,149	100.0
Cost of sales	(705,628)	(94.6)	(677,830)	(92.7)
Gross profit	40,269	5.4	53,319	7.3
Selling and marketing expenses	(3,429)	(0.5)	(2,315)	(0.3)
Administrative expenses	(22,202)	(3.0)	(14,295)	(2.0)
Research and development costs	(25,698)	(3.4)	(28,399)	(3.9)
Other income and expenses	20,940	2.8	(360)	(0.0)
Operating profit	9,880	1.3	7,950	1.1

(1) Revenue

During the Reporting Period, the revenue generated from the Group's equipment manufacturing segment was RMB746 million, representing a year-on-year increase of 2.0%.

(2) Cost of sales

The cost of sales of the Group's equipment manufacturing segment was RMB706 million, representing a year-on-year increase of 4.1%, which was mainly due to the increase in raw materials costs.

(3) Gross profit

The gross profit of the Group's equipment manufacturing segment was RMB40 million and the gross profit margin was 5.4%, representing a decrease of 1.9% on a year-on-year basis.

(4) Selling and marketing expenses

The selling and marketing expenses of the Group's equipment manufacturing segment were RMB3 million, which remained broadly stable on a year-on-year basis.

(5) Administrative expenses

The administrative expenses of the Group's equipment manufacturing segment were RMB22 million, which remained broadly stable on a year-on-year basis.

(6) Research and development costs

The research and development costs of the Group's equipment manufacturing segment were RMB26 million, which remained broadly stable on a year-on-year basis.

(7) Operating profit

Due to the above reasons, during the Reporting Period, the operating profit of the Group's equipment manufacturing segment was RMB10 million, which remained broadly stable on a year-on-year basis.

3 Discussion on the results by other classification

The following table sets forth the revenue generated from different industries in which the Group's clients operate:

	Year ended 31 December				
	2024		2023		
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Change
	(RMB'000)	(%)	(RMB'000)	(%)	(%)
Oil refining	11,496,308	17.9	6,773,150	12.0	69.7
Petrochemicals	40,249,649	62.7	34,735,603	61.6	15.9
New coal chemicals	1,077,919	1.7	556,553	1.0	93.7
Storage & transportation and others	11,374,334	17.7	14,287,987	25.4	(20.4)
Total	64,198,210	100.0	56,353,293	100.0	13.9

During the Reporting Period, the Group's revenue from the petrochemical industry amounted to RMB40.250 billion, representing a year-on-year increase of 15.9% as Aramco Huajin Project, SABIC Mangguo Ethylene Project and Saudi Arabia Project Cluster entered the peak construction period successively, which led to an increase in revenue contribution. Revenue from the oil refining industry amounted to RMB11,496 million, representing a year-on-year increase of 69.7%, due to the increase of revenue contribution from the oil refining segments of Aramco Huajin Project and Saudi Arabia Project Cluster. Revenue from new coal chemicals industry amounted to RMB1,078 million, representing a year-on-year increase of 93.7%, due to the increase of revenue contribution from Lianhong New Materials Project and China Coal Yulin Coal Chemical Project. Revenue from the storage and transportation and other industries amounted to RMB11.374 billion, representing a year-on-year decrease of 20.4%, due to fact that storage and transportation projects represented by Tianjin LNG (Phase II) Project and Shandong LNG (Phase III) Project were delivered, resulting in the decrease in revenue contribution.

The following table sets forth the revenue generated from different regions where the Group's clients operate:

	Year ended 31 December				
	2024		2023		
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Change
	(RMB'000)	(%)	(RMB'000)	(%)	(%)
PRC	53,436,344	83.2	50,732,753	90.0	5.3
Overseas	10,761,866	16.8	5,620,540	10.0	91.5
Total	64,198,210	100.0	56,353,293	100.0	13.9

The following table sets forth the revenue generated from services provided by the Group for Sinopec Group and its associates and non-Sinopec Group and its associates:

	Year ended 31 December				
	2024		2023		
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Change
	(RMB'000)	(%)	(RMB'000)	(%)	(%)
Sinopec Group and its associates	24,223,627	37.7	31,997,110	56.8	(24.3)
Non-Sinopec Group and its associate	39,974,583	62.3	24,356,183	43.2	64.1
Total	64,198,210	100.0	56,353,293	100.0	13.9

4 Discussion on the backlog and new contracts

Backlog represents the total estimated contract value of work that remains to be completed pursuant to outstanding contracts as at a certain date, net of estimated value added tax, and is calculated based on the Group's assumption that the relevant contracts will be performed in accordance with their terms. Backlog is not a measure defined by generally accepted accounting principles. Any modification, termination or suspension of these contracts by the Group's clients may have a substantial and immediate effect on the Group's backlog. Projects may also remain in the Group's backlog for an extended period of time beyond what is initially anticipated due to various factors beyond the Group's control.

The following table sets forth the total value of backlog for each business segment of the Group as at the dates indicated:

	As at 31 December 2024 (RMB'000)	As at 31 December 2023 (RMB'000)	Change (%)
Engineering, consulting and licensing	12,280,789	11,452,408	7.2
EPC Contracting	129,104,922	96,302,360	34.1
Construction	28,792,516	26,649,189	8.0
Equipment manufacturing	2,498,353	1,858,273	34.4
Total	172,676,580	136,262,230	26.7

The following table sets forth the total value of backlog categorised by the industries in which the Group's clients operate as at the dates indicated:

	As at 31 December 2024 (RMB'000)	As at 31 December 2023 (RMB'000)	Change (%)
Oil refining	30,426,712	27,195,578	11.9
Petrochemicals	84,004,588	71,961,444	16.1
New coal chemicals	13,296,031	1,939,729	585.5
Storage & transportation and others	44,949,248	35,165,480	29.2
Total	172,676,579	136,262,230	26.7

The following table sets forth the total value of the backlog by regions as at the dates indicated:

	As at 31 December 2024 (RMB'000)	As at 31 December 2023 (RMB'000)	Change (%)
PRC	108,375,177	99,709,056	8.7
Overseas	64,301,402	36,553,174	75.9
Total	172,676,579	136,262,230	26.7

The following table sets forth the total value of backlog categorised by the clients of each of Sinopec Group and its associates and non-Sinopec Group and its associates as at the dates indicated:

	As at 31 December 2024 (RMB'000)	As at 31 December 2023 (RMB'000)	Change (%)
Sinopec Group and its associates	67,003,528	53,258,736	25.8
Non-Sinopec Group and its associates	105,673,052	83,003,494	27.3
Total	172,676,580	136,262,230	26.7

As at 31 December 2024, the Group's backlog was RMB172.677 billion, representing an increase of 26.7% from RMB136.262 billion as at 31 December 2023, and 2.69 times of the total revenue of RMB64.198 billion in 2024.

The following table sets forth the total value of new contracts by the Group's each business segment in the periods indicated:

	Year ended 31 December		Change
	2024	2023	
	(RMB' 000)		(%)
Engineering, consulting and licensing	4,802,410	4,136,226	16.1
EPC Contracting	70,801,497	51,710,336	36.9
Construction	23,990,493	23,481,092	2.2
Equipment manufacturing	1,018,161	924,063	10.2
Total	100,612,561	80,251,717	25.4

The following table sets forth the total value of new contracts entered into by the Group categorised by the industries in which the Group's clients operate in the periods indicated:

	Year ended 31 December		Change
	2024	2023	
	(RMB' 000)		(%)
Oil refining	14,727,443	16,189,721	(9.0)
Petrochemicals	52,292,794	46,085,389	13.5
New coal chemicals	12,434,222	392,225	3070.2
Storage & transportation and others	21,158,102	17,584,382	20.3
Total	100,612,561	80,251,717	25.4

The following table sets forth the total value of new contracts entered into by the Group by regions in the periods indicated:

	Year ended 31 December		Change
	2024	2023	
	(RMB' 000)		(%)
PRC	62,102,466	58,805,078	5.6
Overseas	38,510,095	21,446,639	79.6
Total	100,612,561	80,251,717	25.4

The following table sets forth the total value of new contracts entered into by the Group categorised by Sinopec Group and its associates and non-Sinopec Group and its associates in the periods indicated:

	Year ended 31 December		
	2024	2023	Change
	(RMB'000)		(%)
Sinopec Group and its associates	37,968,420	21,999,001	72.6
Non-Sinopec Group and its associates	62,644,141	58,252,716	7.5
Total	100,612,561	80,251,717	25.4

During the Reporting Period, the value of the Group's new contracts was RMB100.631 billion, representing an increase of 25.4% on a year-on-year basis.

5 Assets, Liabilities, Equity and Cash Flows

The Group's funds mainly came from operating activities and were primarily used for working capital, capital expenditure and dividend distribution.

(1) Assets, Liabilities and Equity

Unit: RMB'000

	As at 31 December 2024	As at 31 December 2023	Changes
Total assets	81,513,339	81,089,732	423,607
Current assets	73,465,738	72,722,013	743,725
Non-current assets	8,047,601	8,367,719	(320,118)
Total liabilities	49,931,854	50,172,709	(240,855)
Current liabilities	47,854,044	48,021,496	(167,452)
Non-current liabilities	2,077,810	2,151,213	(73,403)
Net assets	31,581,485	30,917,023	664,462
Share capital	4,397,881	4,418,544	(20,663)
Reserves	27,114,182	26,439,817	674,365
Consolidated equity attributable to equity holders of the Company	31,512,063	30,858,361	653,702
Non-controlling interests	69,422	58,662	10,760

As at the end of the Reporting Period, the total assets of the Group were RMB81.513 billion, the total liabilities were RMB49.932 billion, and the equity attributable to the equity holders of the Company was RMB31.512 billion. The changes in the assets and liabilities as compared with those as at the end of 2023 and the main reasons are as follows:

As at the end of the Reporting Period, the total assets were RMB81.513 billion, representing an increase of RMB424 million as compared with that as at the end of 2023. In particular, the current assets were RMB73.466 billion, representing an increase of RMB744 million as compared with that as at the end of 2023, which was mainly due to an increase of RMB1.712 billion in prepayments and other receivables, an increase of RMB1.439 billion in contract assets, an increase of RMB913 million in notes and trade receivables, an increase of RMB64 million in inventories, a decrease of RMB2.051 billion in time deposits with financial institutions; and a decrease of RMB1.473 billion in cash and cash equivalents; non-current assets amounted to RMB8.048 billion, representing a decrease of RMB320 million as compared with that as at the end of 2023, which was mainly due to a decrease of RMB252 million in property, plant and equipment, a decrease of RMB143 million in investments in associates, and a decrease of RMB99 million in right-of-use asset.

As at the end of the Reporting Period, the total liabilities were RMB49.932 billion, representing a decrease of RMB241 million as compared with that as at the end of 2023. In particular, the current liabilities were RMB47.854 billion, representing a decrease of RMB167 million as compared with that as at the end of 2023, which was mainly due to a decrease of contract liabilities by RMB2.540 billion, a decrease of RMB28 million in current income tax liabilities, and an increase of RMB2.202 billion in notes and trade payables. The non-current liabilities were RMB2.078 billion, representing a decrease of RMB73 million as compared with that as at the end of 2023, which was mainly due to a decrease of RMB192 million in provision for litigation claims, a decrease of RMB39 million in retirement and other supplementary benefit obligations, and an increase of RMB138 million in lease liabilities.

The consolidated equity attributable to equity holders of the Company was RMB31.512 billion, an increase of RMB654 million as compared with that as at the end of 2023, which was mainly due to the increase in retained earnings.

(2) Cash Flows

During the Reporting Period, the net decrease in cash and cash equivalents was RMB1.381 billion and net cash used in operating activities was RMB2.211 billion. The following table sets forth the main items and their changes in the Group's consolidated cash flow statements for the Reporting Period and the same period last year, respectively.

Unit: RMB'000

Major items of cash flow	Year ended 31 December	
	2024	2023
Net cash (used in)/generated from operating activities	**(2,210,914)**	2,536,857
Net cash generated from/(used in) investing activities	**2,527,902**	(2,665,956)
Net cash used in financing activities	**(1,698,296)**	(1,630,332)
Net (decrease) in cash and cash equivalents	**(1,381,308)**	(1,759,431)

During the Reporting Period, the profit before taxation was RMB2.852 billion, and the profit was RMB2.493 billion after adjusting the items in expenses that did not affect the cash flow in operating activities. Major non-cash expense items included net interest income and expenditure of RMB1.132 billion, depreciation and amortisation of RMB1.059 billion, reversal of impairment provisions of RMB80 million, exchange gains of RMB48 million. Changes in working capital increased cash outflow was RMB4.963 billion, which were mainly shown in: the increase in trade and other receivables balance which caused cash outflow from operating activities of RMB2.597 billion; the increase in contract assets which caused cash outflow from operating activities of RMB1.355 billion; the increase in inventory balance which caused the cash outflow from operating activities of RMB64 million; the increase in note payables and trade and other payables balance which caused the cash inflow from operating activities of RMB1.733 billion; the decrease in contract liabilities which caused the cash outflow from operating activities of RMB2.540 billion.

After adjusting non-cash expense items, receivables and payables for the profit before taxation, deducting the income tax paid amounting to cash outflow RMB380 million, and increasing inflow of received interest by RMB639 million, the net cash used in operating activities was RMB2.211 billion.

Net cash generated from investing activities was RMB2.528 billion, which was mainly due to a decrease in time deposits.

Net cash used in financing activities was RMB1.698 billion, which was mainly due to the dividend payment.

Based on the cash flows during the Reporting Period, the Group has adequate working capital at present. In the next step, the Group will continue to strengthen the settlement of trade debts and control the use of working capital in operating activities. The Group will also continue to effectively manage the investment risk, as well as to increase the return on capital.

(3) Summary of Financial Ratios

The following table sets forth the Group's key financial ratios for the periods indicated:

	Year ended 31 December	
Main financial ratios	2024	2023
Net profit margin (%)	**3.9**	4.2
Return on assets (%)[1]	**3.0**	2.9
Return on equity (%)[2]	**7.8**	7.6
Return on invested capital (%)[3]	**7.9**	7.7

Main financial ratios	As at 31 December 2024	As at 31 December 2023
Gearing ratio (%)[4]	**1.8**	0.8
Net debt to equity ratio (%)[5]	**Net cash**	Net cash
Current ratio [6]	**1.5**	1.5
Quick ratio [7]	**1.5**	1.5

(1) Return on assets = $\dfrac{\text{Profit for the year}}{\text{(Opening balance of total assets + Closing balance of total assets)/2}}$

(2) Return on equity = $\dfrac{\text{Profit for the year}}{\text{Total equity at the end of the year}}$

(3) Return on invested capital = $\dfrac{\text{Earnings before interest and tax (EBIT) for the year x (1 – effective income tax rat}}{\text{Total interest bearing debt at the end of the year – Credit loans + Total equity at the end of the year}}$

(4) Gearing ratio = $\dfrac{\text{Total interest bearing debt at the end of the year}}{\text{Total interest bearing debt at the end of the year + Total equity at the end of the year}}$

(5) Net debt to equity ratio = $\dfrac{\text{Net debt at the end of the year}}{\text{Total equity at the end of the year}}$

(6) Current ratio = $\dfrac{\text{Current assets}}{\text{Current liabilities}}$

(7) Quick ratio = $\dfrac{\text{Current assets – Inventories}}{\text{Current liabilities}}$

6 Foreign exchange risk

There were accounts receivable and payable and cash balances in relation to the Group’s overseas projects, which are settled in foreign currencies. During the Reporting Period, the Group’s foreign currencies mainly consist of U.S. dollars, Euros, Saudi riyal and Kuwaiti dinar. In the future, exchange rates will affect the pricing of the Group’s services as well as our material procurement costs settled in foreign currencies, fluctuation in exchange rates may affect the Group’s results of operations and financial position.

During the Reporting Period, the Group has not carried out hedging transaction related to foreign exchange fluctuation.

SIGNIFICANT EVENTS


85:12:54:20
AD/08/oQ/pu
789.51

SIGNIFICANT EVENTS

1 Corporate Governance

During the Reporting Period, the Company was in compliance with the code provisions of the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules and did not deviate from any code provision.

2 The Annual Dividend Distribution Plan as at 31 December 2024

The Board was authorised to decide the interim profit distribution plan of 2024 by the ordinary resolution in 2023 annual general meeting held on 10 May 2024. The dividend distribution plan of RMB0.150 per share (inclusive of taxes) in cash for the six months ended 30 June 2024 was approved at the 20th meeting of the Fourth Session of the Board convened on 16 August 2024 and was implemented.

The second meeting of the Fifth Session of the Board approved the dividend distribution plan for the year ended 31 December 2024. A final cash dividend of RMB0.208 per share (inclusive of applicable taxes) would be distributed based on 4,397,881,000 shares (including 1,430,681,000 H Shares and 2,967,200,000 Domestic Shares), being the total share capital of the Company as at 31 December 2024. The above dividend distribution plan will be submitted to the Company's annual general meeting to be held on 9 May 2025 for review and approval before implementation.

The final dividend of 2024 will be paid on or before Friday, 18 July 2025 to all shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 20 May 2025. In order to qualify for the final dividend, the holders of H shares 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 Wednesday, 14 May 2025 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 Thursday, 15 May 2025 to Tuesday, 20 May 2025 (both days inclusive).

The dividend will be denominated and declared in Renminbi. The holders of domestic shares will be paid in Renminbi and the holders of H shares will be paid in Hong Kong dollars. The exchange rate for the dividend to be paid in Hong Kong dollars will be the mean of the benchmark exchange rates of Renminbi to Hong Kong dollars as announced by the People's Bank of China during the five working days before 9 May 2025, the date on which the annual general meeting will be convened to approve the final dividend.

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, 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, enterprise income tax shall be withheld from dividends payable to such shareholders. If holders of H shares 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 and 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 Tuesday, 20 May 2025.

If the individual holders of H shares are Hong Kong or Macau residents or residents of the countries which had an agreed tax rate of 10% for the cash dividends given to them under the relevant tax agreement with the PRC, the Company should withhold and pay individual income tax on behalf of the relevant shareholders at a rate of 10%. Should the individual holders of H Shares be residents of the countries which had an agreed tax rate of less than 10% under the relevant tax agreement with the PRC, 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 holders of H shares wish to reclaim the extra amount withheld due to the application of 10% tax rate, the Company can apply for the relevant agreed preferential tax treatment on behalf of them provided that the relevant shareholders submit the information required by the notice of the tax agreement to the H share registrar of the Company. The Company will assist with the tax refund of the extra amount withheld after obtaining the approval of the competent tax authority. Should the individual holders of H shares be residents of the countries which had an agreed tax rate of over 10% but less than 20% under the tax agreement with the PRC, the Company shall withhold and pay the individual income tax on behalf of the relevant shareholders at the agreed actual rate in accordance with the relevant tax agreement. In the case that the individual holders of H shares are residents of the countries which have had an agreed tax rate of 20% under the relevant tax agreement with the PRC, or which has not entered into any tax agreement with PRC, or otherwise, the Company shall withhold and pay the individual income tax on behalf of the relevant shareholders at a rate of 20%.

For investors (including enterprise and individuals) investing in the H shares of the Company listed on the Hong Kong Stock Exchange through the Shanghai Stock Exchange or Shenzhen 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 China Securities Depository and Clearing Corporation Limited, pursuant to which, China Securities Depository and Clearing Corporation Limited, as the nominee of the holders of H shares of 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 depositary and clearing system. The cash dividends for the investors of H shares of Southbound Trading of the Company 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)) and the "Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect" (Caishui [2016] No. 127)《關於深港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[2016]127 號)), for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-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 or Shenzhen-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.

3 Connected Transactions

Continuing Connected Transactions between the Group and Sinopec Group and its associates

During the Reporting Period, the Company entered into a series of continuing connected transactions agreements with Sinopec Group, including the following:

(1) the Engineering and Construction Services Framework Agreement and the supplemental agreement;

(2) the Financial Services Framework Agreement and the supplemental agreement;

(3) the Technology R&D Framework Agreement and the supplemental agreement;

(4) the General Services Framework Agreement and the supplemental agreement;

(5) the Land Use Rights and Properties Leasing Framework Agreement and the supplemental agreement;

(6) the Counter-guarantees provided by Sinopec Group;

(7) the Safe Production Insurance Fund; and

(8) the Trademark Licensing Agreement.

For the details of the above agreements (the "Framework Agreements"), please refer to the Company's announcement entitled "Renewal of the General Services Framework Agreement, the Technology R&D Framework Agreement, the Land Use Rights and Properties Leasing Framework Agreement, the Financial Services Framework Agreement and the Engineering and Construction Services Framework Agreement and the Annual Caps and the Continuing Connected Transactions and Major Transactions thereunder the Financial Services Framework Agreement and the Engineering and Construction Services Framework Agreement" published on 22 August 2021 and the contents in relation to the Financial Services Framework Agreement and the Engineering and Construction Services Framework Agreement in the Company's circular to its shareholders published on 15 September 2021. Since the Framework Agreements expired on 31 December 2024, the Company and Sinopec Group entered into a series of supplemental agreements on 16 August 2024, renewing each of the Framework Agreements for another three years commencing from 1 January 2025 to 31 December 2027. For details, please refer to the Company's announcement entitled "Announcement of Continuing Connected Transactions and Major Transactions – Renewal of the Framework Agreements and the Annual Caps for 2025 to 2027" published on 18 August 2024 and the contents in relation to the Financial Services Framework Agreement and the Engineering and Construction Services Framework Agreement in the Company's circular to its shareholders published on 11 September 2024.

The Group's Actual Connected Transactions

During the Reporting Period, the aggregate value of the connected transactions actually entered into by the Group was RMB27.763 billion, among which the expenses amounted to RMB2.827 billion and the revenue amounted to RMB24.936 billion (including RMB24.233 billion from the sale of products and services and RMB703 million from interest income).

During the Reporting Period, the engineering and construction services (supply of equipment and materials, procurement of services and equipment leasing, technology licensing and other engineering-related services) provided by Sinopec Group and its associates to the Group amounted to RMB2.680 billion, which was within the annual cap. The engineering and construction services (engineering consulting, technology licensing, engineering design, EPC contracting, construction and equipment manufacturing, etc.) provided by the Group to Sinopec Group and its associates amounted to RMB23.978 billion, which was within the annual cap.

During the Reporting Period, the service fees in relation to the settlement and other financial services between the Group and Sinopec Finance Co., Ltd. and Sinopec Century Bright Capital Investment Limited were RMB3 million, which was within the annual cap. The maximum daily balance of deposits and interest income was RMB7.794 billion, which was within the annual cap. The maximum daily balance of entrustment loans was RMB20.5 billion, which was within the annual cap.

During the Reporting Period, the technology R&D services provided by the Group to Sinopec Group and its associates amounted to RMB238 million, which was within the annual cap.

During the Reporting Period, the general services provided by the Group to Sinopec Group and its associates amounted to RMB7 million, which was within the annual cap.

During the Reporting Period, the general services provided by Sinopec Group and its associates to the Group amounted to RMB60 million, which was within the annual cap.

During the Reporting Period, the land use and property lease contract provided by the Group to Sinopec Group and its associates amounted to RMB10 million, which was within the annual cap.

During the Reporting Period, the land use and property lease contract provided by Sinopec Group and its associates to the Group amounted to RMB17 million, which was within the annual cap.

In terms of the premium payable under the documents on safe production insurance funds, the amount payable by the Group each year shall not be less than the amount specified in these documents.

For more information on the major related-party transactions (including the above-mentioned connected transactions) during the Reporting Period, please refer to Note 42 of the financial statements prepared in accordance with the IFRS in this annual report, among which the above transactions constitute connected transactions, and the Company has complied with the relevant requirements under Chapter 14A of the Hong Kong Listing Rules in relation to these connected transactions and has determined the prices and terms for the actual transactions based on the pricing policies of the Framework Agreements.

The external auditor engaged by SINOPEC SEG has reported on the Company's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" and Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by Hong Kong Institute of Certified Public Accountants. The auditor has also issued an unqualified letter containing the conclusions in respect of the above-mentioned continuing connected transactions in accordance with Rule 14A.56 of the Hong Kong Listing Rules.

Opinions of Independent Non-executive Directors on the Above-mentioned Continuing Connected Transactions (including Deposits and Entrustment Loan Transactions under the Financial Services Framework Agreement)

The independent non-executive Directors of the Company reviewed the nature, implementation of annual caps, pricing policy and internal control procedure of the above-mentioned continuing connected transactions, and confirmed as follows:

(a) The transactions were entered into in the ordinary and usual course of business of the Group;

(b) One of the following items was met:

  i The transactions were entered into on normal commercial terms;

  ii If there were not sufficient comparable transactions to decide the commercial terms of the transactions, the transactions under the relevant agreements were entered into on terms no less favourable to the Company than terms available from or to independent third parties (as the case may be); or

  iii If there were no appropriate assessments to determine whether the transactions met the conditions under (i) and (ii) above, the transactions were entered into on terms that were fair and reasonable to the shareholders of the Company; and

(c) The transactions were conducted in accordance with the relevant agreements and the terms are fair and reasonable and in the interests of the shareholders of the Company as a whole.

4 Material Litigation or Arbitration Events

Litigation Regarding the Oil and Gas Storage Tank Project in Alberta, Canada

During the Reporting Period, the collegial panel of the Court of Appeal made a decision to dismiss the other party's appeal and uphold the original ruling, which is to annul the civil compensation lawsuit filed by the other party against the Group in 2008. The other party did not file a complaint with the Supreme Court of Canada within the statutory complaint period, and the lawsuit was officially closed.

There were no other material litigation or arbitration events during the Reporting Period.

5 Other Material Contracts

The Group had no other contracts of significance which should be disclosed but have not been disclosed during the Reporting Period.

6 Repurchase, Sale and Redemption of Shares

During the Reporting Period, the Company repurchased a total of 17,295,500 H shares on the Hong Kong Stock Exchange, using funds totaling HK$86,510,422.80.

On 13 May 2024, the Company cancelled 13,397,000 H shares repurchased from 18 December 2023 to 30 April 2024, which represent approximately 0.30% of the total issued share capital and 0.92% of the total issued H shares of the Company as of the date when the repurchase mandate was approved at the 2022 annual general meeting, the 2023 first class meeting of domestic shareholders and the 2023 first class meeting of H shareholders.

On 30 August 2024, the Company cancelled 5,547,500 H shares repurchased from 20 June 2024 to 23 August 2024, which represent approximately 0.13% of the total issued share capital and 0.38% of the total issued H shares of the Company as of the date when the repurchase mandate was approved at the 2023 annual general meeting, the 2024 first class meeting of domestic shareholders and the 2024 first class meeting of H shareholders.

On 30 December 2024, the Company cancelled 1,718,000 H shares repurchased from 20 September 2024 to 27 September 2024, which represent approximately 0.04% of the total issued share capital and 0.12% of the total issued H shares of the Company as of the date when the repurchase mandate was approved at the 2023 annual general meeting, the 2024 first class meeting of domestic shareholders and the 2024 first class meeting of H shareholders.

After the completion of the cancellation of the 20,662,500 H shares repurchased, the number of issued shares of the Company is 4,397,881,000 shares (including 1,430,681,000 H shares and 2,967,200,000 domestic shares).

The Board is of the view that the repurchase of H shares could increase earnings per share and overall shareholders' returns and is in the interests of the Company and the shareholders as a whole. Monthly reports on the repurchase of H shares during the Reporting Period are set out below:

Repurchase month	Number of shares repurchased	Purchase price per share		Amounts of repurchases (HK$)
		Highest (HK$/share)	Lowest (HK$/share)	
January	451,500	4.06	4.02	1,830,540.90
March	2,741,000	4.68	4.28	12,471,779.75
April	6,837,500	5.08	4.53	33,150,780.10
June	3,806,500	5.46	5.18	20,299,321.35
August	1,741,000	5.72	5.31	9,624,598.50
September	1,718,000	5.58	5.11	9,133,402.20

Except as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of its listed shares.

7 Reserves

During the Reporting Period, movements in the reserves of the Group were set out in the consolidated statement of changes in equity of the financial report, which was prepared in accordance with IFRS in this annual report.

8 Use of Proceeds from the Global Offering

The use of proceeds from the global offering by the Company is in consistence with that previously disclosed in the announcement. For details of the use of proceeds, please refer to the announcements of the Company entitled "Adjustment in Use of Proceeds from the Global Offering" dated 13 December 2013 and "Adjustment in the Allocations of the Use of Proceeds from the Global Offering" dated 26 October 2018. The expected specific time for the completion of the use of proceeds from the global offering will be subject to the business development of the Company and the proceeds are expected to be fully utilized within the next 6 years. During the Reporting Period, there was no material change to the use of proceeds from the global offering of the Group.

During the Reporting Period, the Company has not utilized any proceeds from the global offering by the Company. The detailed use of the proceeds is set out below:

Intended Use of Proceeds as of 30 June 2018 from Global Offering	Allocation of the Remaining Proceeds from Global Offering as of 30 June 2018	Used Proceeds from 2018 to 2024	Remaining Proceeds as at 31 December 2024
	(RMB million)	(RMB million)	(RMB million)
Establishing an engineering and technological R&D center, modular construction base and machinery manufacturing projects	600.00	20.00	**580.00**
Improving and developing overseas marketing networks	300.00	–	**300.00**
Information technology development projects	500.00	55.00	**445.00**
Purchasing large lifting and transport equipment and specialized construction equipment	400.00	208.00	**192.00**
Newly added long-term equity investment	2,200.00	1,165.00	**1,035.00**
Mergers and acquisitions of engineering companies, purchase of patents and proprietary technologies and other items	3,859.00	–	**3,859.00**
Total	7,859.00	1,448.00	**6,411.00**

9 Assets Transactions

During the Reporting Period, the Group has no assets transactions other than in the ordinary and usual course of business.

10 Insolvency and Restructuring

During the Reporting Period, the Group was not involved in any insolvency or restructuring matters.

11 Material Trusteeship, Contracting and Lease

During the Reporting Period, the Group was not involved in any material trusteeship, contracting or lease of any asset of other companies, nor placing its assets to or under any other companies' trusteeship, contracting or lease which were required to be disclosed.

12 Material Acquisitions and Disposals

On 30 June 2024, Sinopec Shanghai Engineering Co., Ltd. (中石化上海工程有限公司) ("SSEC"), a wholly-owned subsidiary of the Company, entered into the KSD Equity Transfer Agreement with China Petrochemical Technology Co., Ltd. (中國石油化工科技開發有限公司) ("Sinopec Tech"), pursuant to which, SSEC agreed to acquire 14.65% equity interests held by Sinopec Tech in Shanghai KSD Bulk Solids Engineering Co., Ltd. (上海金申德粉體工程有限公司) and Sinopec Tech agreed to repurchase its 7% equity interests held by SSEC. On the same date, Sinopec Engineering Incorporation (中國石化工程建設有限公司) ("SEI"), Luoyang Petrochemical Engineering Corporation Ltd. (中石化洛陽工程有限公司) ("LPEC") and Sinopec Ningbo Engineering Co., Ltd. (中石化寧波工程有限公司) ("SNEC"), the wholly-owned subsidiaries of the Company, entered into the Sinopec Tech Equity Transfer Agreement with China Petroleum & Chemical Corporation ("Sinopec Corporation" or "Sinopec Corp."), pursuant to which, SEI, LPEC and SNEC agreed to sell the 28% equity interests in aggregate held in Sinopec Tech to Sinopec Corporation.

Prior to the completion of the transaction, neither Sinopec Tech nor KSD was a subsidiary of the Company. Upon completion of the transaction, the Group will no longer hold any equity interest in Sinopec Tech. KSD will become a subsidiary of the Company and its financial statements will be included in the consolidated financial statements of the Group. For details of the transaction, please refer to the announcement published by the Company on 1 July 2024.

Save as disclosed above, during the Reporting Period, the Group has not made any material acquisition or disposal of subsidiaries, associates or joint ventures.

13 Financial Derivatives for Hedging Purposes

During the Reporting Period, the Group did not use any financial derivative for hedging purposes.

14 Pledged Assets

During the Reporting Period, the Group has no pledged assets.

15 Debt

The Group had about RMB150 million borrowings from the fellow subsidiaries as at the end of the Reporting Period.

16 Contingent Liabilities

For details of the contingent liabilities of the Group, please refer to Note 42 to the financial statements contained in this annual report.

17 Review of Annual Report

The audit committee of the Company (the "Audit Committee") has reviewed this annual report. The Audit Committee did not have any disagreement concerning the financial statements contained in this annual report.

The Audit Committee is comprised of all independent non-executive Directors, namely, Mr. YE Zheng, Mr. DUAN Xue and Mr. ZHAO Jinsong. Among them, Mr. YE Zheng has the appropriate professional qualifications (including being a member of the Hong Kong Institute of Certified Public Accountants) and nearly 30 years of experience in auditing, internal control and consultancy.

18 Significant Events Affecting the Group after the Reporting Periods

From 31 December 2024 and up to the date of this annual report, the Group has no other significant events.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

1 Enhancement of Corporate Governance during the Reporting Period

During the Reporting Period, the Company was strictly in compliance with the domestic and foreign laws and regulations on securities regulation and strictly standardised corporate governance based on the working rules and regulations such as the Rules and Procedures for the Shareholders Meetings, the Rules and Procedures for the Board Meetings and the Rules and Procedures for the Supervisory Committee Meetings. The Company updated the internal documents in accordance with the Hong Kong Listing Rules and other applicable laws and regulations in a timely manner; continuously improved the quality of investor relations and information disclosure, receiving the recognition of the capital market; continuously modified its internal control system to intensify the execution thereof.

During the Reporting Period, the Company further enhanced the trainings to strengthen the awareness of responsibility of all Directors, Supervisors and senior management (the "Senior Management"), optimised the procedures and detailed services. The Company provided Directors with monthly reports of "Company Information", which provided the Directors with relevant data and information to make reasonable decisions. The Company also continued to enhance voluntary information disclosure to increase the transparency of the Company, and focused on investors' interest by strengthening two-way communication with investors. The Company actively performed its social responsibilities and promoted its sustainable development.

During the Reporting Period, the Supervisory Committee had no disagreement with any supervised matters. Furthermore, none of the Company, the Board, any Director, any Supervisor, any Senior Management member, any of the controlling shareholders or de facto controllers was punished by administrative means or publicly sanctioned by Hong Kong Securities and Futures Commission, or publicly condemned by the Hong Kong Stock Exchange.

2 Equity Interests of Directors, Supervisors and the Senior Management Members

During the Reporting Period, none of the Directors, Supervisors or any member of the Senior Management, as well as their respective associates had any interests or short positions (including interests or short positions which are taken or deemed to have under relevant provisions of the SFO) in any Shares, debentures or underlying Shares of the Company or any associated corporations (as defined under Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix C3 to the Hong Kong Listing Rules, to be notified to the Company or the Hong Kong Stock Exchange. Based on specific enquiries to all Directors and Supervisors by the Company, all Directors and Supervisors have confirmed that they complied with the standards stipulated in the Model Code during the Reporting Period.

3 Confirmation of Independence of Independent Non-executive Directors and Overview of their Performance

The Company has a sufficient number of independent non-executive Directors with appropriate professional qualifications or accounting or related financial management expertise in accordance with the Hong Kong Listing Rules. As of the end of the Reporting Period, the Company appointed three independent non-executive Directors, namely Mr. DUAN Xue, Mr. YE Zheng and Mr. ZHAO Jinsong. The Company received an annual confirmation letter from each of independent non-executive Directors regarding their compliance with relevant independence requirements set out in Rule 3.13 of the Hong Kong Listing Rules. The Company is of the view that all of its independent non-executive Directors are independent.

During the Reporting Period, the independent non-executive Directors diligently fulfilled their responsibilities prescribed by relevant laws, regulations and the Articles of Association and made positive contributions to the development of the Group. They actively attended the meetings of the Board and the special committees (for details about the attendance of the meetings, please refer to the Report of the Board in this annual report), carefully reviewed relevant documents, and made judgment with their own expertise in offering advices and suggestions on the development strategy, production and operation, internal control, risk management and social responsibility of the Company. The independent non-executive Directors also provided independent opinions according to regulations on connected transactions, external guarantee, dividend distribution plan and appointment of senior management members of the Company. The independent non-executive Directors maintained timely and effective communications with the executive Directors, management, external auditors and internal supervision and audit department and conducted several domestic and overseas research activities to better understand the Company's practice on internal control, internal audit, risk management, environmental protection and social responsibility, information disclosure and oversea project implementation. The independent non-executive Directors also independently and objectively safeguarded the legitimate rights and interests of the Company and investors, especially the medium and minority investors, during the performance of their duties.

The composition of the Board of the Company and its operational mechanism can guarantee that the Board can obtain independent and objective advice. For example, the Company stipulates that matters such as connected transactions require prior approval or independent advice from independent non-executive Directors. The Board evaluates the effectiveness of relevant mechanisms on an annual basis.

4 The Company's Independence from the Controlling Shareholder

After obtaining confirmations from the Company and Sinopec Group, the following statements are declared:

From 1 January 2024 to 31 December 2024, Sinopec Group complied with the principles and terms of the Non-Competition Agreement and the undertakings therein, fulfilled obligations and responsibilities in accordance with the Non-Competition Agreement and the undertakings therein, and did not violate the Non-Competition Agreement and the undertakings therein. The aforesaid was concluded based on Sinopec Group's overall review of the compliance with each provision (including but not limited to the provision of options for new business opportunities, options for acquisitions and pre-emptive rights) under the Non-Competition Agreement and the undertakings therein.

Opinions of the independent non-executive Directors of the Company regarding the compliance with the Non-Competition Agreement of Sinopec Group are as follows:

Based on the review of relevant situations, the independent non-executive Directors of the Company are of the view that during the Reporting Period, Sinopec Group performed and complied with the Non-Competition Agreement entered into with the Company.

5 Construction and Implementation of Internal Control System of the Group

Internal Control Construction

During the Reporting Period, the Company continued to improve the "Internal Control Manual of the Company" (the "Internal Control Manual") and strictly complied with domestic and overseas regulatory requirements such as the "Basic Standard for Internal Control of Enterprises", the "Implementation Guidelines for Internal Control of Enterprises", and the "Guidelines for Assessment of Internal Control of Enterprises", which was jointly issued by five ministries and commissions including the Ministry of Finance of PRC, as well as the requirements under the SFO and the Hong Kong Listing Rules.

Working Plans for Establishment and Improvement of Internal Control System and Implementation

The Company prepares annual goals and working plans with regard to internal control, and conducts comprehensive trainings, daily management and supervision and evaluation so that it has realised effective integration of internal control, business and system. The Company has established an effective risk management mechanism. The Corporate Risk Management Committee and the Enterprise Comprehensive Risk Management Leading Group have ultimate responsibility for internal control of the Group members. Core business departments such as market, operation, and overseas business is the first responsible body for risk prevention; legal, risk, compliance and other supporting functional departments assist the first line of defense to prevent risks from different business areas; the supervision and audit departments independently conduct audit evaluations on the Company's risk and internal control system.

Setup of Internal Control Examination and Supervision Department

The Corporate Reform and Legal Department of the Company is responsible for the daily supervision of internal control and the organisation of specific inspection. The Supervision and Audit Department is in charge of internal control evaluations and conducts independent comprehensive inspections and evaluation of internal control. The Company and its subsidiaries have established a two-level internal control inspection and evaluation system where the subsidiaries of the Company conduct self-inspections and evaluate internal control annually and the Company inspects the evaluation of internal control annually in a comprehensive manner.

Improvement of the Internal Control System Relating to Financial Accounting

The Internal Control Manual of the Company specifies the internal control requirements with regard to the financial statements and establishes connections with the professional management system, including fund and asset management, costs and expenses accounting and management, financial analysis and budget, connected transactions and the preparation of financial statements, which are respectively included in the related work flow, control procedures and control points. At the same time, items and matters in accounting statements are connected with control measures, so that the internal control measures can provide reasonable assurance that the disclosed financial statements are true and reliable.

Internal Control Deficiencies and Rectification

During the Reporting Period, no material internal control deficiency was identified. For the other general deficiencies of internal control discovered during the inspection, the management adopted various rectification measures and discussed these measures with external auditors of the Company. After the follow-up examinations, all internal control issues relating to financial reporting were rectified during the Reporting Period.

Businesses with Sanctioned Countries

In order to monitor the possible sanction risks faced by the Company and ensure compliance with the related undertakings made to the Hong Kong Stock Exchange, the Company has adopted sufficient and effective internal control measures, including renewal of the appointment of outsourced international legal counsels with adequate expertise and experience in dealing with legal matters related to sanction and convening the risk management committee meetings to evaluate and monitor sanction risks faced by the Group. During the Reporting Period, the Company did not violate the related undertakings.

Arrangement for Internal Control by the Board

The Board will review the updated Internal Control Manual annually. The Board is responsible for the communication, supervision and inspection of internal and external auditing through the Audit Committee, as well as the inspection and supervision of the effectiveness of implementation and self-evaluation of internal control.

Inside Information Management System

During the Reporting Period, with due consideration of the information disclosure requirements under the Hong Kong Listing Rules and the Guideline for Disclosure of Inside Information issued by the Securities and Futures Commission, the Group instructed special institution and staff to take responsibilities for the registration and management of persons who possess the inside information. The Company also established the management archive of persons who possess the inside information, updated the archive regularly and conducted regular trainings to persons who possess the inside information and management staff, so as to strengthen their consciousness to comply with the relevant law.

The Group prohibits senior management members and employees who are likely to possess the Group's inside information or other unpublished information about the Group from using confidential or inside information without authorisation in accordance with the relevant stipulations of the Guideline for Disclosure of Inside Information. At the same time, in case of any enquiry about the affairs of the Group, only the secretary to the Board and the relevant authorised personnel can communicate with external persons.

6 Corporate Governance Report (pursuant to the Hong Kong Listing Rules)

(1) Compliance with Corporate Governance Code

From the listing date of the Company to 31 December 2024, the Company was in compliance with the code provisions of the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules and did not deviate from any code provision.

A Board

A.1 Board

a. The Board is the decision-making body of the Company, and all decisions made by the Board are carried out by the management of the Company. The Board follows sound corporate governance practices and procedures, operates standardly, and commits itself to improving the corporate governance of the Company.

b. The Board holds at least four meetings annually. The Board communicates with the Directors about the time and subject matters 14 days prior to the meeting. The documents and materials for the meeting will usually be distributed 10 days in advance to each Director. In 2024, the Company held 7 Board meetings. For details of the attendance of the meetings, please refer to the Report of the Board in this annual report.

c. Each member of the Board may submit proposals to be included in the agenda for the Board meetings, and each Director is entitled to request other related information.

d. The Board has evaluated its own operation and work for the year and was of the view that the composition of the Board was appropriate and balanced. The Board made decisions in compliance with domestic and foreign regulations and the Company's internal rules, prudently listened to the report of the Supervisory Committee, and safeguarded the rights and interests of the Company and its shareholders. The Directors and the Senior Management diligently fulfilled their responsibilities and actively took part in trainings and continuing professional development, which led to the improvement of governance of the Company.

e. The secretary to the Board of the Company and company secretary will assist the Directors in handling the routine tasks of the Board and continuously provide the Directors with and keep them informed of the regulations, policies and other requirements of domestic and overseas regulatory bodies in relation to corporate governance, and assist the Directors in complying with domestic and foreign laws and regulations as well as the Articles of Association in performing their duties and responsibilities. The Company has purchased liability insurance for all the Directors to minimise any risk which may arise from the proper performance of their duties.

A.2 Chairman of the Board and President

a. Mr. JIANG Dejun serves as the Chairman of the Board, Mr. ZHANG Xinming serves as the executive Director and President. The Chairman of the Board is elected by the majority of the Directors, while the President is nominated and appointed by the Board. The duties and responsibilities of the Chairman of the Board and the President are clearly distinguished from each other and the scope of their respective duties and responsibilities is set out in the Articles of Association.

b. The Chairman of the Board highly values the communication with the independent non-executive Directors and holds meetings with them at least once each year without the presence of other Directors.

c. The Chairman of the Board encourages open and active discussions. Directors may speak freely and actively participate in discussions on production and operation, corporate governance and material investments of the Company in Board meetings.

A.3 Board Composition

a. As at the date of this annual report, the Board of the Company consists of nine members, with one female Director (for details, please refer to the section headed "Directors, Supervisors, Other Members of Senior Management and Employees" of this annual report). All Directors have rich experience in specialties and governance. Among the nine (9) members, there are 3 executive Directors, 3 non-executive Directors and 3 independent non-executive Directors. The independent non-executive Directors represent one-third of the Board. The executive Directors and non-executive Directors of the Company are experienced in the management of refining and chemical engineering, or petroleum and petrochemical large enterprise. The independent non-executive Directors are well-known industry experts, financial and accounting experts and risk experts, respectively, and have experiences in managing large corporations, capital operation and finance investments, respectively. The composition of the Board is reasonable and diversified.

b. There is no financial, business, family or other material/relevant relationship between the members of the Board of the Company (especially between the Chairman of the Board and the President) except for the working relationship.

c. The Company received the confirmation letter for the year 2024 from each of the independent non-executive Directors regarding his compliance with relevant independence requirements as set out in Rule 3.13 of the Hong Kong Listing Rules. The Company is of the view that each of the independent non-executive Directors is independent.

A.4 Appointment, Re-election and Dismissal

a. The term of office of each Director (including non-executive Directors) is 3 years. If an independent non-executive Director has already served 9 years, his further appointment shall be subject to a separate resolution to be approved at the shareholders meeting.

b. All Directors will be elected through legal procedures, and the Board has no power to appoint temporary Directors.

c. For newly appointed Directors, the Company will engage professional consultants to prepare detailed materials, inform such Directors of regulatory requirements of the place where the Company is listed and remind such Directors of their rights, obligations and responsibilities.

A.5 Nomination Committee

a. The Company has established a nomination committee (the “Nomination Committee”). Mr. JIANG Dejun, executive Director, is the chairman of the Nomination Committee. Mr. ZHANG Xinming, an executive Director, and Mr. DUAN Xue, Mr. YE Zheng, and Mr. ZHAO Jinsong, each an independent non-executive Director, are members of the Nomination Committee. The terms of reference of the Nomination Committee have been established, in which the procedure for the nomination of directors is set out, and are available on the websites of the Company and the Hong Kong Stock Exchange. The Nomination Committee will recommend the appointment or re-election of the Directors as well as the succession plan of Directors (especially the Chairman of the Board and the President of the Company), seek candidates for directorship with appropriate qualifications and competence; elect and nominate relevant personnel to be appointed as Directors, and propose recommendations thereof to the Board. In nominating director candidates, the Nomination Committee mainly considers the skills, knowledge, experience and qualifications of the director candidates to serve as a director, and also evaluates the amount of time and effort they can devote and the director diversity policy. The Nomination Committee is also responsible for evaluating the independence of independent non-executive directors.

b. After discussions and consideration, the Nomination Committee was of the view that the structure, number of members and composition of the Board of the Company in 2024 were reasonable and in consistence with the strategies of the Group.

c. Nomination Committee members may engage professionals when performing duties. Reasonable costs arising from or in connection with such consultation are borne by the Group. The expenses of the Nomination Committee are included in the budget of the Company.

d. Please refer to the “Report of the Board – Meetings Held by the Special Committees of the Board” of this annual report for information about meetings held by the Nomination Committee.

e. The Board has established the Board Diversity Policy, which provides that the nomination and appointment of Board members should be based on the skills and experience necessary for the overall sound operation of the Board, with due considerations given to the goal and requirement for the diversity of the Board members. When determining the composition of the Board, the Company should consider their diversity from multiple aspects, including but not limited to gender, age, culture, educational background, race, professional experience, skills, knowledge and tenure of service.

f. Board Diversity Policy has set up two measurable objectives, (1) to consider candidates for appointment as directors from a wide pool of talents taking into account the culture and educational background, gender, professional and industry experience, skills, experience, and other contributions that would satisfy the current needs of the Board; and (2) to review whether the composition and structure of the Board is suitable for the overall development strategy of the Group based on its business operation and the developmental need on an annual basis, and to propose adjustment and implementation plans where appropriate.

During the Reporting Period, the progress made by the Group regarding such measurable objectives is as follows: (1) The Company has appointed Ms. XIE Yanli as an executive director (employee representative director) of the Company on 8 November 2024 through a democratic election process. Selection and appointment of the Directors of the Company are in compliance with the requirements of the Board Diversity Policy and in line with the overall development strategy of the Group. The Nomination Committee will identify the candidates for directorships and make recommendation to the Board according to the Board Diversity Policy of the Company for any replacement of Director or an addition to the Board. The Board of the Company would also appoint suitable candidates for directorship based on the overall development of the Group and the Board Diversity Policy of the Company; and (2) the current composition and structure of the Board of the Company is appropriate for the development need of the existing business operation of the Group and is conducive for providing the Company with extensive valuable advice and supervision on decision-making. The Company will evaluate the implementation and effectiveness of the board diversity policy on an annual basis, and objectively consider the composition and effectiveness of the Board.

A.6 Responsibility of Directors

a. All the non-executive Directors of the Company have the same duties and authorities as executive Directors. In addition, the non-executive Directors, especially the independent non-executive Directors, are vested certain specific duties and authorities. The rights and obligations of Directors and non-executive Directors (including the independent non-executive Directors) are clearly defined in the Articles of Association and the Rules and Procedures for the Board Meetings.

b. All Directors were able to devote sufficient time and effort in handling the matters of the Company.

c. The Company has adopted the Model Code as code of conduct regarding the Directors' securities transactions. All Directors of the Company have confirmed that they have been in compliance with the Model Code during the Reporting Period. The Company has also established the "Measures for the Registration and Management of Person Possessing Inside Information" with standards no less stringent than the Model Code to standardize the activities in connection with trading the Company's securities of the Company's employees.

d. The Company is responsible for arranging trainings for Directors and providing for the corresponding expenses. The Directors actively participated in continuing professional development. The Company has received the training records from Directors. For details, please refer to the Report of the Board in this annual report.

A.7 Provision for and Access to Information

a. The meeting agenda as well as other reference documents of the Board meetings and each special committee meetings will be distributed prior to the meetings so that each member will have sufficient time to review, which enables them to have comprehensive discussions at the meetings. Each Director can obtain all related information in a comprehensive and timely manner, and may seek advice from professional consultants if needed.

b. The secretary to the Board is responsible for organising and preparing materials for the Board meetings, including the explanation for each proposal to ensure thorough understanding by each Director. The management of the Group shall provide the Directors with necessary information and materials. The Director may request the President, or request, via the President, relevant departments to provide necessary information of the Group or related explanations.

B Remuneration of Directors and the Senior Management

a. The Company has established a remuneration committee (the "Remuneration Committee"). As at the date of this annual report, Mr. ZHAO Jinsong, an independent non-executive Director, is the chairman of the Remuneration Committee, and Mr. YE Zheng and Mr. DUAN Xue, each an independent non-executive Director, are members of the Remuneration Committee. The terms of reference of the Remuneration Committee are available on the websites of the Company and the Hong Kong Stock Exchange. The Remuneration Committee is responsible for studying the compensation structures and policies of all Directors, Supervisors and Senior Management members and making recommendations to the Board or determining the compensation and welfare of certain executive Directors and Senior Management members as authorised by the Board or making recommendations to the Board. The remuneration of Directors shall be determined in accordance with relevant laws and regulations of the PRC and the internal measures on remuneration of the Company. The Remuneration Committee appointed an advisory member to assist the Remuneration Committee in carrying out daily works. The expenses of the Remuneration Committee are included in the budget of the Company.

b. The Remuneration Committee consults the Chairman of the Board regarding the remuneration recommendations for other executive Directors. After assessment by the Remuneration Committee, it was of the view that for the year 2024, each of the executive Directors has fulfilled his/her responsibilities as stipulated under the service contract entered into with the Company.

c. Please refer to "Report of the Board – Meetings Held by the Special Committees of the Board" of this annual report for information about meetings held by the Remuneration Committee.

C Accountability and Auditing

C.1 Financial Reporting

a. The Directors are responsible for supervising the compilation of accounts in each financial period, which shall be prepared on a going concern basis, and should ensure that the accounts can authentically and fairly reflect the business conditions, operating results and cash flows of the Group during the corresponding period. The Board approved the financial statements for the year 2024 and warranted that there were no misrepresentations, misleading statements or material omissions contained in this annual report, and take jointly and severally responsibility for the authenticity, accuracy and integrity of the contents therein.

b. The Company provides financial information, production and operation status to the Directors every month to ensure that the Directors are informed of the Company's latest developments in a timely manner.

c. The Company adopted an internal control mechanism to ensure that the management and relevant departments provide sufficient financial data and related explanations to the Board and the Audit Committee.

d. The external auditors of the Company issued a statement about their reporting responsibilities in the independent auditors' report contained in the financial statements.

C.2 Risk Management and Internal Control

a. The Company has established a comprehensive and basic process for risk management that is composed of target setting, risk identification, risk assessment, risk response, supervision and improvement. At the beginning of each year, the Company and its subsidiaries will take into account then production and operation situation to analyse the changes and impact of the internal and external environment, identify the risk factors and major risk points in various professional fields, rank and evaluate the identified risks, work out countermeasures and indicators of monitoring and early warning to address the major and principal risks and place operation risks under dynamic monitoring.

b. The Company has deeply integrated risk management with internal control. In the internal control matrix, risks are described according to the Company's list of risks and, on this basis, the internal control points have been modified and improved to implement risk prevention counter-measures in daily business management activities. The Company has clarified the responsible parties and strengthened supervision and inspection through means including internal control evaluation to ensure that its internal risks are controllable and under control.

c. The Board is the highest decision-making authority for the Company's overall risk control measures. The Board acknowledges that it is its responsibility to ensure that the Company has established and maintained appropriate and effective risk management and internal control systems, and has the responsibility to review the effectiveness of these systems at least once a year. Such systems are designed to manage rather than eliminate risks such as failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance that there will be no material misstatement or loss. The Company has established the Risk Management Committee to organise and lead the comprehensive risk management and internal control work of the Company. The departments and subsidiaries of the Company specifically implement overall risk management and internal control measures. They are responsible for promptly identifying, analysing and evaluating the risks in production and operations to put forward the counter-measures and solutions for internal control that are to be implemented afterwards.

d. For the purpose of inspecting and evaluating the internal risk control measures of the Company, the risk management departments of the Company and its subsidiaries will test on the implementation of internal control on a quarterly basis. The supervision and audit department of the Company will carry out comprehensive annual inspections and evaluations on the effectiveness of the risk-oriented internal control design and operation of the Company. The general procedures of inspection and evaluation mainly include drawing up a plan for inspection and evaluation of internal control, setting up a working group for inspection and evaluation of internal control, implementing online testing of the internal control system or onsite inspection and evaluation, identifying the deficiencies in internal control, re-checking and confirming the deficiencies, arriving at a conclusion based on onsite evaluation, summarising and analysing the results of inspection and evaluation, compiling the seasonal test report of internal control as well as the annual and interim work report on risk management and internal control, and regularly reporting to the management members and the Board.

e. The Company prepares and issues regular reports such as annual reports and interim reports in accordance with the requirements of the place where the Company is listed. The regular reports are reviewed by the executives and considered by the management of the Company before being submitted to the Board and the Supervisory Committee for approval and forming the resolution documents. The office of the Board will finalise the regular reports according to the opinions of the Board and disclose the reports together with other relevant documents required to be submitted and disclosed on the designated websites within the given timeframe. The Company has established procedures on disclosure of inside information to ensure that inside information is promptly identified, assessed and submitted, where applicable, to the Board. In case of the occurrence of any significant event that needs to be disclosed, the office of the Board will organise the drafting of a report according to the actual conditions and go through the relevant approval procedures according to the Articles of Association and rules and procedures of the Company before disclosing the information.

f. Statement of risk management and internal control: Internal risk control departments of the Company and its subsidiaries carry out risk management and internal control inspection and evaluation at least quarterly, and supervision and audit departments organise and implement risk-oriented internal control comprehensive inspection evaluation at least annually. During the Reporting Period, risk management and internal control inspection of the Company cover the Reporting Period, and the scope of inspection covers all major control aspects (including finance, business operation, compliance control and risk management function). In particular, the Board considers that the Company has adequate resources, staff qualifications and experience in accounting, internal audit and financial reporting functions as well as aspects related to the Company's environmental, social and governance performance and reporting, and the training courses received by the staff and relevant budget are also sufficient. The risk management and internal control evaluation results of the Company indicated that the Company has gradually enhanced consciousness on internal control as well as risk prevention from top down, revised internal control manual and realised online publication, further adopted effective measures to strengthen internal control management, and comprehensively increased internal control management level. The Company is not aware of any material deficiency, and the internal control of the Company (including financial report and compliance procedures according to the Hong Kong Listing Rules) is overall effective.

C.3 Audit Committee

a. The Company has established the Audit Committee. As at the date of this annual report, Mr. YE Zheng, an independent non-executive Director, is the chairman of the Audit Committee, and Mr. DUAN Xue and Mr. ZHAO Jinsong, each an independent non-executive Director, are members of the Audit Committee. Terms of reference of the Audit Committee have been established, and are available on the websites of the Company and the Hong Kong Stock Exchange. The Audit Committee advises on the appointment, re-appointment, termination of the independent auditors and their remuneration, reviews the financial statements to be submitted to the Board, and examines the Company's financial policies, internal audit system, internal control system and risk management system. As confirmed, none of the members of the Audit Committee had served as a partner or former partner in the Company's existing auditing firm.

According to the Letter to Issuers released by the Hong Kong Stock Exchange dated 19 December 2014 and relevant amendments to the "Corporate Governance Code" set out in Appendix C1 to the Hong Kong Listing Rules, and in order to improve the corporate governance practice and reinforce the risk management and internal control functions of the Board, the third meeting of the Second Session of the Board held by the Company on 18 March 2016 has resolved to incorporate the risk management function into the scope of authority of the Audit Committee and also to amend the terms of reference of the Audit Committee as appropriate. Such amendment was aimed to add and specify the description of audit function on risk management function. This resolution has been implemented after the approval by the Board of the Company.

b. Please refer to "Report of the Board – Meetings Held by the Special Committees of the Board" of this annual report for information about meetings held by the Audit Committee. Review opinions are issued at the meetings of audit committee, and submitted to the Board upon the signature of the members. During the Reporting Period, there was no disagreement between the Board and the Audit Committee.

c. Members of the Audit Committee may engage professionals when performing duties. Reasonable costs arising from or in connection with such consultation are borne by the Group. Meanwhile, the Audit Committee appointed an advisory member to assist the Audit Committee in specific daily routines. The expenses of the Audit Committee are included in the budget of the Group.

d. During the Reporting Period, the Audit Committee held meetings with the auditors twice without the presence of the management members, either in writing or through meeting in person, discussing the audit situations of financial reports and the auditors' fees for the year as well as coordinating the work allocation between the internal and external auditors. The Audit Committee considered the adequacy of resources, staff qualifications and experiences, as well as the training programmes provided to the relevant staffs and the budget of the Company's accounting, internal audit and financial reporting functions during the Reporting Period. The Audit Committee considers that the Company's management performed their duties and established an effective internal control system. In addition, the Audit Committee also considered the adequacy of the resource of the Company's internal audit function, reviewed and monitored the effectiveness of the internal audit function on a constant basis. According to the Company's internal control mechanism, the Company has established whistle-blowing mechanism, whereby the staff and stakeholders may have a channel, such as online reporting, reporting through letters, meeting with reporters, complaint mail box, to report and complain on their discovered activities that have breached the Company's internal control system. The Audit Committee has reviewed and approved such system.

D Delegation of Power by the Board

a. The Board, the management and the special committees of the Board have clear terms of references. The Articles of Association, the Rules and Procedures for the Shareholders Meetings, the Rules and Procedures for the Board, and the Working Rules for the President specify clear scopes of duties, authorities and authorisations of the Board and the management.

b. In addition to the Nomination Committee, Audit Committee and Remuneration Committee, the Board has also established the Strategy and Development Committee. As at the date of this annual report, Mr. JIANG Dejun, an executive Director, serves as the chairman of the Strategy and Development Committee. Mr. Zhang Xinming, an executive Director, serves as the vice chairman of the Strategy and Development Committee. Mr. XIANG Wenwu (a non-executive Director), Mr. LI Chengfeng (a non-executive Director), Mr. YU Renming (a non-executive Director) and Mr. DUAN Xue (an independent non-executive Director) serve as members of the Strategy and Development Committee. The Strategy and Development Committee is responsible for studying the long-term development strategies as well as major decisions on capital expenditure, investment and financing of the Company. Please refer to "Report of the Board – Meetings Held by the Special Committees of the Board" of this annual report for information about meetings held by the Strategy and Development Committee.

c. All special committees under the Board have clear written scope of responsibilities. The terms of reference of all special committees under the Board specify that such committees should report its decisions or recommendations to the Board.

d. The Board confirms that corporate governance should be joint responsibilities of directors, and corporate governance functions include:

(i) to develop and review the policies and practices on corporate governance of the Company;

(ii) to review and monitor the training and continuous professional development of Directors, Supervisors and Senior Management;

(iii) to review and monitor the policies and practices on compliance with legal and regulatory requirements of the Company;

(iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees, Directors and Supervisors; and

(v) to review the compliance with Corporate Governance Code and disclosure in the Corporate Governance Report of the Company.

E Investor Relationship

a. The Company places great emphasis on investor relations. The Chairman of the Board and Senior Management conducts road shows for investors every year to introduce matters that investors may be concerned about, such as development strategies, production and business performance of the Company. The office of the Board is responsible for communicating with investors in compliance with regulatory requirements through meetings with institutional investors, invite investors for site visits and setting up email accounts for investors, which enhanced communications with investors. The Company continuously monitors and evaluates the implementation and effectiveness of the shareholders' communication policy during the year to ensure its effectiveness.

b. During the Reporting Period, for each substantially separate issue at a general meeting, a separate resolution was proposed. All resolutions were voted by poll to safeguard the interests of all the shareholders of the Company. A meeting notice was despatched to each shareholder at least 45 days (excluding the meeting date) prior to shareholders meetings.

c. The Chairman of the Board hosted the shareholders meetings as the chairman of such meeting and arranged for members of the Board and the Senior Management to attend shareholders meetings and answered questions raised by the shareholders of the Company.

d. During the Reporting Period, the Company has amended the relevant provisions of the Articles of Association regarding the structure of share capital, registered capital, corporate domicile and business scope. For further details, please refer to the announcement entitled "Announcement on Resolutions of the Sixteenth Meeting of the Fourth Session of the Board Reduction of the Registered Capital and Amendments to the Articles of Association" and the circular of the Company dated 17 March 2024.

F Company Secretary

a. Currently, Mr. YIN Fengbing and Ms. NG Sau Mei are the joint company secretaries of the Company. They are recognised by the Hong Kong Stock Exchange as the professionals, and are nominated by the Chairman of the Board and appointed by the Board. They report to the Chairman of the Board, and are responsible to the Company and the Board. The company secretaries of the Company give opinions on corporate governance to the Board and arranges orientation training and professional development of the Directors.

b. The company secretaries of the Company actively participated in professional development training and have taken no less than 15 hours of relevant professional training during the Reporting Period.

G Shareholders' Rights

a. Shareholders who individually or collectively hold 10% or more of the total voting shares issued by the Company may request in writing for the Board to convene an extraordinary shareholders meeting or class meetings. If the Board fails to grant the request to call the meeting according to the Rules and Procedures for Shareholders Meetings, shareholders may call and hold the meeting at their discretion according to laws, and reasonable expenses arising therefrom are to be borne by the Company. The aforesaid provisions are subject to the following conditions: the proposals proposed at the shareholders meeting shall fall within the scope of authorities of the shareholders meetings, with specified proposals and resolutions, and in compliance with the relevant laws, administrative regulations and the Articles of Association.

b. When the Company holds a shareholders meeting, shareholders who individually or collectively hold 3% or more of the total voting shares issued by the Company may propose a provisional proposal 10 days before the date of the meeting.

c. The eligibility for attending the general meeting, the shareholders' rights and the meeting agenda are clearly stated in the notices to the shareholders of the Company.

d. The Company requires that the Company Secretary is responsible for establishing an effective communication channel between the Company and its shareholders, setting up a special organisation for contacting shareholders, and passing their opinions and advice to the Board and the management members in a timely manner. Contact details of the Company can be found under the "Investor Center" section on the website of the Company.

(2) Auditors

At the 2023 annual general meeting of the Company held on 10 May 2024, the Company approved the appointment of BDO China Shu Lun Pan Certified Public Accountants LLP and BDO Limited as the domestic and international auditors of the Company for the year 2024 and authorised the Board to determine their remuneration for the year 2024. As approved at the sixteenth meeting of the Fourth Session of the Board, the audit fee for 2024 is RMB4.57 million. The financial statement of 2024 was audited by BDO Limited.

During the Reporting Period, BDO China Shu Lun Pan Certified Public Accountants LLP and BDO Limited did not provide any material non-audit services to the Company.

(3) Other Information about Corporate Governance of the Company

For the composition of the Board, please refer to page 78; for information regarding changes in share capital and shareholdings of substantial shareholders, please refer to page 20 to page 21; for information regarding meetings of the Board, please refer to page 78 to page 79; for the attendance of each Director in Board meetings and shareholders meetings, please refer to page 80; for information regarding the equity interests of Directors, Supervisors and other Senior Management members, please refer to page 64; for information regarding the resume and annual remuneration of Directors, Supervisors and other Senior Management members, please refer to page 98 to page 110.

REPORT OF THE BOARD


Smart Industrial Control System
Dashboard
Overview
Product report
Performance
Product Quality
Machine State
32.04%
99%
25%
67%
Fine

REPORT OF THE BOARD

The Board is pleased to present the report for the year ended 31 December 2024 for shareholders' review.

1 Board Composition

As at the date of this annual report, the composition of the Fifth Session of the Board consists of Mr. JIANG Dejun, Mr. ZHANG Xinming and Ms. XIE Yanli, as executive Directors; and Mr. XIANG Wenwu, Mr. LI Chengfeng and Mr. YU Renming, as non-executive Directors; Mr. DUAN Xue, Mr. YE Zheng and Mr. ZHAO Jinsong, as the independent non-executive Directors.

2 Principal Business Activities

The Group is a leading energy and chemical engineering company in the PRC with strong international competitiveness and can provide domestic and overseas clients with overall solutions for petrol refining, petrochemicals, aromatics, new-type coal chemicals, inorganic chemicals, pharmaceutical chemicals, clean energy, storage and transportation facilities, environmental protection and energy saving, among other industry sectors. The Group is an integrated service provider of the whole industry chain and life cycle of the energy and chemical industry. and can provide overall industry chain services including engineering consulting, technology licensing, project management contracting, financing assistance, EPC (engineering, procurement and construction) contracting, as well as design, procurement, construction and installation, lifting and transportation of large equipment, pre – commissioning and start-up.

The list of the Company's major subsidiaries as at 31 December 2024, together with (among others) details of their principal countries of operation, places of incorporation or establishment and particulars of their issued share capital, is set out in Note 45 to the financial statements contained in this annual report.

3 Meetings of the Board

During the Reporting Period, the Company held 7 Board meetings. The details are as follows:

The sixteenth meeting of the Fourth Session of the Board was held in Beijing, the PRC, on 15 March 2024, whereby the followings were considered and approved: Work Report of the Board for the Year 2023, Report on Business Operation for the Year 2023 and Work Arrangements for the Year 2024, Report on Operating Results, Financial Position and Other Related Matters for the Year 2023, Independent Auditor's Auditing Opinion on the Company's 2023 Annual Financial Report, Audit Committee's Review Opinion on the 2023 Annual Financial Report and Related Matters, Proposal on the Audited 2023 Annual Financial Report, Proposal on Annual Report and Results Announcement for the Year 2023, Proposal on the 2023 Environmental, Social and Governance Report, Proposal on the Business Operation Plan, Investment Plan and Financial Budget for the Year 2024, Proposal on the Cap for the Amount of the Parent Guarantee for the Year 2024, Proposal on the Final Dividend Distribution Plan for the Year 2023 and Authorisation to the Board to Determine the Interim Profit Distribution Plan for the Year 2024 to be Put Forward for Approval at the Company's Annual General Meeting, Proposal on Appointment of Domestic Auditor and International Auditor and Authorisation to the Board to Fix their Remuneration for the Year 2024, Proposal on Reduction of the Registered Capital of the Company and Amendments to the Articles of Association, Proposal on the "Internal Control Manuals (Edition 2024)", Proposal on the 2024 Audit Work Plan, Proposal on "Internal Audit Work Regulations of Sinopec SEG Group" (Revised), Proposal on Grant of A General Mandate to the Board to Repurchase Domestic Shares and/or H Shares to be Put Forward for Approval at the Annual General Meeting and the Class Meeting for Shareholders, and Proposal on Convening 2023 Annual General Meeting and the Class Meetings for Shareholders.

The seventeenth meeting of the Fourth Session of the Board was held in the form of a written meeting on 30 April 2024, whereby the followings were considered and approved: Proposal on Approval of 2024 Labor Cost Budget and Proposal on Approval of 2023 Performance Appraisal Situations of Executive Staffs and Annual Performance-based Bonus Allocation Program.

The eighteenth meeting of the Fourth Session of the Board was held in the form of a written meeting on 11 June 2024, whereby Proposal on Approval of the Implementation Plan of Share Repurchase from 2024 to 2025 was considered and approved.

The nineteenth meeting of the Fourth Session of the Board was held in the form of a written meeting on 28 June 2024, whereby Proposal on Approval of Proposed Transfer of Equity Interest in China Petrochemical Technology Co., Ltd. (中國石油化工科技開發有限公司) and Proposed Acquisition of Equity Interest from Shanghai KSD Bulk Solids Engineering Co., Ltd. (上海金申德粉體工程有限公司) was considered and approved.

The twentieth meeting of the Fourth Session of the Board was held in Beijing, the PRC, on 16 August 2024, whereby the followings were considered and approved: Report on the Fulfillment of Key Targets for the First Half of 2024 and Work Arrangements for the Second Half of 2024, Proposal on the Audited 2024 Interim Financial Report, Proposal on the 2024 Interim Report and Results Announcement, Proposal on the 2024 Interim Dividend Distribution Plan, Proposal on the Clearance of Total Wages of the Company for 2023, Proposal on Entering into the Supplemental Agreements to the Continuing Connected Transactions with China Petrochemical Corporation and Approving the Continuing Connected Transactions and Their Respective Annual Caps from 2025 to 2027, Proposal on the Transfer of the Entire Equity Interests of Sinopec Luoyang Engineering Co., Ltd. (中石化洛陽工程有限公司) to Sinopec Guangzhou Engineering Co., Ltd. (中石化廣州工程有限公司), Work Report of the Fourth Session of the Board, Proposal on Election of Directors for the Fifth Session of the Board, Proposal on Election of Supervisors for the Fifth Session of the Supervisory Committee, and Proposal on Approving the Convening of the First Extraordinary General Meeting for the Year 2024; and the followings were reviewed: Work Report on Risk Management, Internal Control and Compliance for the First Half of 2024, Report on Operating Results, Financial Position and Other Related Matters for the First Half of 2024, Independent Auditor's Auditing Opinion on the Company's 2024 Interim Financial Report and Audit Committee's Review Opinion on the 2024 Interim Financial Report and Related Matters.

The twenty-first meeting of the Fourth Session of the Board was held in the form of a written meeting on 25 September 2024, whereby Proposal on the 2024 Annual Appraisal Responsibility Letter for Executive Staffs was considered and approved.

The first meeting of the Fifth Session of the Board was held in Beijing, the PRC, on 8 November 2024, whereby the followings were considered and approved: Proposal on Election of Chairman of Sinopec Engineering (Group) Co., Ltd., Proposal on Appointment of President of Sinopec Engineering (Group) Co., Ltd., Proposal on Appointment of Vice President and Chief Financial Officer of Sinopec Engineering (Group) Co., Ltd., Proposal on Re-election of Members of the Special Committees under the Board of Sinopec Engineering (Group) Co., Ltd. and Note on Service Contracts of Directors under the Fifth Session of the Board and Supervisors under the Supervisory Committee was reviewed.

4 Implementation of Resolutions Approved at Shareholders Meetings by the Board

During the Reporting Period, in compliance with relevant laws and regulations as well as the Articles of Association, all members of the Board diligently implemented the resolutions approved at the shareholders meetings, and have completed various tasks delegated to them at the shareholders meetings.

5 Attendance of Board Meetings and Shareholders Meetings

During the Reporting Period, the attendance of each Director of the Fourth Session and the Fifth Session of the Board to the Board meetings and shareholders meetings, and the trainings they received, are as follows:

Name	Board Meetings		Attendance at the general meeting for the year 2023 and the 2024 extraordinary shareholders meeting	Trainings
	Attend in person	Attend by proxy		
JIANG Dejun	7	0	2	3
ZHANG Xinming	7	0	2	3
XIANG Wenwu	7	0	2	3
LI Chengfeng	7	0	2	3
YU Renming	7	0	2	3
DUAN Xue	6	1	2	3
YE Zheng	7	0	2	3
ZHAO Jinsong	7	0	2	3
XIE Yanli	7	0	2	3
WU Wenxin(Note)	1	0	1	1
HUI Chiu Chung, Stephen(Note)	6	0	2	3

Note: Mr. WU Wenxin resigned as the non-executive Director of the Board due to his age in April 2024.

Mr. HUI Chiu Chung, Stephen resigned as the independent non-executive Director of the Board due to his personal work arrangement in November 2024.

6 Meetings held by the Special Committees of the Board

The Board of the Company has established five special committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Strategy and Development Committee and the ESG Committee, and the Company's management has established four special committees, namely, the Risk Control Committee, the Confidentiality Committee, the QHSE Committee and the Sustainable Development Committee. During the Reporting Period, the Strategy and Development Committee, the Remuneration Committee, the Nomination Committee and ESG Committee each held one meeting.The Audit Committee held two meetings. The attendance of special committee meetings by members of each committee are as follows:

Name	Number of meetings required to be attended	Number of meetings attended in person	Number of meetings attended by proxy
Strategy and Development Committee			
JIANG Dejun	1	1	0
ZHANG Xinming	1	1	0
XIANG Wenwu	1	1	0
LI Chengfeng	1	1	0

Name	Number of meetings required to be attended	Number of meetings attended in person	Number of meetings attended by proxy
YU Renming	1	1	0
DUAN Xue	1	1	0
ZHAO Jinsong	1	1	0
WU Wenxin (Note)	0	0	0
Audit Committee			
YE Zheng	2	2	0
DUAN Xue	2	1	1
ZHAO Jinsong	2	2	0
HUI Chiu Chung, Stephen (Note)	2	2	0
Remuneration Committee			
ZHAO Jinsong	1	1	0
DUAN Xue	1	0	1
YE Zheng	1	1	0
HUI Chiu Chung, Stephen (Note)	1	1	0
Nomination Committee			
JIANG Dejun	1	1	0
XIANG Wenwu	1	1	0
DUAN Xue	1	1	0
YE Zheng	1	1	0
ZHAO Jinsong	1	1	0
HUI Chiu Chung, Stephen (Note)	1	1	0
ESG Committee			
JIANG Dejun	1	1	0
ZHANG Xinming	1	1	0
DUAN Xue	1	0	1
YE Zheng	1	1	0
ZHAO Jinsong	1	1	0
XIE Yanli	1	1	0

Note: Mr. Wu Wenxin resigned as the non-executive Director of the Board due to his age in April 2024.

Mr. Hui Chiu Chung, Stephen resigned as the independent non-executive Director of the Board due to his personal work arrangement in November 2024.

Specific situations of meetings of each committee are as follows:

The third meeting of the ESG Committee of the Fourth Session of the Board was held in the form of a written meeting on 14 March 2024, whereby Proposal on the 2023 Environmental, Social and Governance Report was considered and approved.

The third meeting of the Remuneration Committee of the Fourth Session of the Board was held in the form of a written meeting on 30 April 2024, whereby the followings were considered and approved: Proposal on Approval of 2024 Labor Cost Budget and Proposal on Approval of 2023 Performance Appraisal Situations and Annual Performance-based Bonus Allocation Program of Executive Staffs.

The third meeting of the Nomination Committee of the Fourth Session of the Board was held in the form of a written meeting on 7 November 2024, whereby the followings were considered and approved: Proposal on Election of Chairman of the Board of Sinopec Engineering (Group) Co., Ltd., Proposal on Appointment of President of Sinopec Engineering (Group) Co., Ltd. and Proposal on Appointment of Vice President and Chief Financial Officer of Sinopec Engineering (Group) Co., Ltd.

The third meeting of the Strategy and Development Committee of the Fourth Session of the Board was held in the form of a written meeting on 7 November 2024, whereby the Overall Strategy of High-quality Development of Sinopec SEG Group was considered and approved.

The fifth meeting of the Audit Committee of the Fourth Session of the Board was held in Beijing, the PRC, on 15 March 2024, whereby the followings were considered and approved: Independent Auditor's Auditing Opinion on the Company's 2023 Annual Financial Report, Note on Execution of Continuing Connected Transactions for the year 2023, Proposal on Appointment of Domestic Auditor and International Auditor and Authorisation to the Board to Fix Their Remuneration for the Year 2024, Note on the 2023 Annual Report, Note on the 2023 Environmental, Social and Governance Report, Note on Non-competition Situation for the Year 2023, Work Report of Internal Control Audit and Appraisal for the Year 2023 and Proposal on Submitting 2023 Work Report of Internal Control System for Approval.

The sixth meeting of the Audit Committee of the Fourth Session of the Board was held in Beijing, the PRC on 15 August 2024, whereby the followings were considered and approved: Independent Auditor's Auditing Opinion on the Company's 2024 Interim Financial Report, Note on the 2024 Interim Report, Work Report on Risk Management, Internal Control and Compliance for the First Half of 2024, Note on Execution of Continuing Connected Transactions for the First Half of 2024 and Other Matters of Interest to the Audit Committee.

7 Results

The financial results of the Group for the year ended 31 December 2024 were prepared in accordance with the IFRS and its financial position as at that date and the corresponding analysis are set out from page 120 to page 204 in this annual report.

8 Dividends

In accordance with the Company Law and other relevant laws and regulations, the Company attaches great importance to the reasonable return on investment to investors and ensures the continuity and stability of the Company's profit distribution policy. The Company's distributable profits in the form of cash each year shall be no less than 30% of the net profits attributable to the Company's shareholders in the year, under the circumstances that there are net profits attributable to the Company's shareholders and accumulated undistributable profits, and that the Company's investment plan and cash expenses can be satisfied. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on, among other things, the Company's results of operations, cash flows, financial condition, and operating and capital expenditure requirements. And the distributable profits will be determined under PRC GAAP or IFRS (whichever is lower), and should comply with the Articles of Association, the Company Law and any other applicable PRC law and regulations and other relevant requirements of the regulatory authorities of the place where the Company is listed. Please refer to section "2 The Annual Dividend Distribution Plan as at 31 December 2024" in chapter "Significant Events" for details of the dividend for 2024.

9 Major Suppliers and Customers

During the Reporting Period, the total purchases of the Group from the top five suppliers of the Group accounted for 8.3% of the total purchases of the Group, of which the purchases from the largest supplier accounted for 4.3% of the total purchases of the Group.

During the Reporting Period, the total sales of the Group to the top five customers accounted for 53.7% of the total sales of the Group, of which sales to the largest customer accounted for 29.3% of the total sales. For details on the Group's relationships with major customers and the risks that the Group's business may face due to such relationships, please see the section headed "Report of the Board – 26 Risk Factors – Risks relating to decreased orders from major clients" in this annual report.

During the Reporting Period, other than the connected transactions with the controlling shareholder, Sinopec Group and its associates, as disclosed in the section headed "Connected Transactions" of this annual report, to the knowledge of the Board, none of the Directors, Supervisors and their close associates or any Shareholder holding 5% or more of the share capital of the Company had any interest in any of the above-mentioned major suppliers and customers.

10 Bank Loans and Other Borrowings

The Group had RMB150 million borrowings from the fellow subsidiaries as at the end of the Reporting Period, including short-term borrowings of USD15.20 million, and a long-term borrowing of RMB41 million.

11 Fixed Assets

During the Reporting Period, changes to the fixed assets of the Group are set out in Note 17 to the financial statements prepared in accordance with the IFRS in this annual report.

12 Donations

During the Reporting Period, the amount of charity donations made by the Group amounted to approximately RMB2.082 million.

13 Pre-emptive Right

According to the Articles of Association and the applicable PRC laws, the shareholders are not entitled to any pre-emptive rights. Therefore, the existing shareholders cannot request the Company to issue shares to them on a preferential basis in proportion to their shareholdings.

14 Issuance of Equity Securities or Debentures

During the Reporting Period, neither the Company nor any of its subsidiaries has issued any equity securities (including securities convertible into equity securities) or debentures.

15 Management Contract

During the Reporting Period, neither the Company nor any of its subsidiaries has entered into any contract by which a person undertakes the management and administration of the whole or any substantial part of any business of the Company or any of its subsidiaries.

16 Equity-Linked Agreements

During the Reporting Period, the Company did not enter into or have any equity-linked agreement, and there was no provision requiring the Company to enter into any agreement that will or may result in the issuance of shares by the Company.

17 Permitted Indemnity Provisions

During the Reporting Period, the Company purchased liability insurance for Directors to reduce their risks in the normal course of performing their duties. Save for this, there has been no permitted indemnity provision being in force for the benefit of any existing directors or the then directors of the Company (whether made by the Company or otherwise) or any associated company of the Company (if made by the Company).

18 Significant Investment

During the Reporting Period, the Company has made no significant investment (including any investment with a value of 5% or more of the Company's total assets as at 31 December 2024).

19 Accounting Standard

The difference between the main accounting policies adopted by the Company for preparation of 2024 audited consolidated financial statement and the main accounting policies for preparation of 2023 audited consolidated financial statement are indicated in details in Note 3.1 to the financial statements.

20 Retirement and Employee Benefit Plan

Details of the Group's retirement and employee benefit plan are set out in Note 33 to the financial statements.

For the disclosures in relation to the employees of the Group, please refer to the section headed "Directors, Supervisors, Other Members of Senior Management and Employees – 6 Employees" in this annual report.

21 Compliance with Laws and Regulations

In 2024, the Group was strictly in compliance with laws and regulations such as the Civil Code of the People's Republic of China, the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Construction Law of the People's Republic of China, the Tendering/Bidding Law of the People's Republic of China and the Safe Production Law of the People's Republic of China and other applicable environmental policies in China; and under the existing system, the Company also continuously increased or amended various systems, constantly enhanced and improved the existing compliance operation mechanism, prevented and avoided the occurrence of major legal risks to the maximum extent, and provided strong compliance guarantee for the Company's operation and development.

22 The Right of Directors and Supervisors to acquire Shares or Debentures

During the Reporting Period, none of the Directors, Supervisors or their respective associates of the Company or any of its subsidiaries has been granted the right by the Company or its subsidiaries or the holding company of the Company or any subsidiary of the Company's holding company, or has exercised any of such rights, to acquire shares or debentures of the Company or any other body corporate.

23 Interests of Directors and Supervisors in Significant Transactions, Arrangements and Contracts

During the Reporting Period, for details of the interests of Directors, Supervisors and entities connected with Directors or Supervisors in transactions, arrangements and contracts of significance, please refer to the section headed "Directors, Supervisors, Other Members of Senior Management and Employees – 4 Contract Benefits of Directors and Supervisors" in this annual report.

24 Change of Auditors

The Company has not changed auditors since 8 May 2020, being the date of the annual general meeting for the year 2019.

25 Core Competitiveness Analysis

Leveraging on long operating history and sophisticated industry experiences, the Group has developed the strong execution capabilities around the world with respect to engineering and constructing large-scale and complex oil refining, petrochemical and new coal chemicals projects, etc., which usually include a series of process units and public utilities.

While adhering to the technical advantages in the petrochemical field, the Group accelerates the deployment of biomass and environmental protection technologies, and undertakes relevant tasks of the national CYD construction project of sources of original technologies in the field of biomass manufacturing. The Group has signed strategic cooperation agreements with a number of well-known domestic institutions, including Shanghai Institute of Organic Chemistry, CAS, Chinese Research Academy of Environmental Sciences and Guangdong University of Technology, to jointly build a research and development platform, and carried out targeted layout and research and development in related fields.

The competitive strengths of the Group are particularly reflected in the large business scale, strong executive capacity, excellent management and technical team, advanced industrialised proprietary and patented technologies, sound management system, advanced software and equipment, rich and reliable suppliers and subcontractors resources, complete service chain in the technology R&D and licensing, preliminary project consulting, FEED, engineering, procurement, construction, equipment manufacturing, PMC, digital delivery, pre-commissioning and start-up, financing assistance and operation and maintenance services and excellent one-stop engineering service capability.

With its continuously increased overseas market size and expanded business areas, the Group has gradually established and improved a working system that met the management requirements of international engineering projects, accumulated rich experience in overseas project implementation and significantly improved the efficiency of global resource allocation and utilization by nearly 20 years of exploration and practice in international operation. While continuously enhancing its project profitability and risk prevention and control capabilities, the Group has established long-term and stable strategic partnership with key customers and international engineering companies, thereby forming a large-scale and sustainable development trend in key overseas regional markets. The Group has made full use of its rich operating experience and acted as a bridge in export credit financing so as to actively promote the contracting of large-scale overseas EPC projects through investment and financing means.

Through our competitive advantages in industry chain, business chain, technology chain and supply chain, the Group consolidated its position as a leader in China's oil refining and chemical engineering industry and continued to enhance the competitiveness in the PRC and international engineering markets.

26 Risk Factors

Changes in macro-economic situation

The business performance of the Group is closely related to the economic situation of the PRC as well as the global economic situation. The global economy showed a moderate recovery trend, but the imbalance, differentiation and volatility were obvious. International organizations including the IMF and the World Bank continued to judge that the global economy would achieve a "soft landing". In the context of weak global fundamentals, the year-on-year growth rate of energy prices may drop, and the intensified geopolitical conflicts may further disrupt the global energy and chemical market. The conservative energy trade and industrial policies implemented by some countries may significantly affect global production capacity. The international engineering industry would continue to maintain steady growth against the background of a moderate recovery of the world economy, but it was faced with multiple severe and complex challenges, such as unbalanced regional growth, limited fiscal expenditure in emerging markets, intensified competition within the industry, and declining profits combined with concentrated exposure of stock risks. With the continuous maturity of the technology, the cost of renewable energy was expected to be further reduced and the penetration rate will accelerate. More countries and regions around the world would accelerate the deployment of renewable energy facilities. The operation of the Group may also be adversely affected by other various factors, including but not limited to the adverse influence brought by sudden change and unpredictability of international geopolitics, fluctuation in international oil price, and uncertainty in oil products and chemical product demand and energy transition process upon investment in overseas oil refining and chemical engineering projects.

Changes in market environment

In 2024, the pace of capacity expansion in the refining industry would slow down, the competitive pressure of the ethylene industry chain would become more intense, the substitution of non-fossil energy was increasing, the energy and chemical industry was facing deep adjustment, and the competition in scale would shift to cost competition in full in China. As far as the engineering market was concerned, diversified investment subjects, diversified competition subjects and rising execution risks would become the new normal faced by engineering companies.

The major oil and gas resource countries would generally promote the development and utilization of oil and gas resources, and at the same time stimulate energy transformation, and gradually find a balance between energy security and transformation and development; global oil and gas production generally maintained growth, and the oil production in the Middle East has declined, but downstream energy and chemical investment was still the main force of global growth; Middle Asian countries represented by Kazakhstan were more actively carrying out international energy cooperation, but institutional constraints were still significant; upstream oil and gas development activities in the Asia Pacific region were relatively active, but asset integration was weak; security concerns and fiscal imbalances in Africa would increase the risks of energy investment; energy supply in Latin America was growing, and its capacity expansion, transformation and export directions were becoming more diversified. The development of the global energy and chemical industries was characterized as follows: first, the operating conditions were uneasy, and both sales and profits showed a downward trend; second, energy and chemical trade challenges were frequent, and the traditional pattern has been strongly impacted; third, some energy and chemical giants took measures such as shutting down production capacity and laying off employees to save themselves; fourth, the iteration and update of green, low-carbon and high-efficiency technologies were accelerating. In 2025, the global energy and chemical industry will still be in a multiple games of production capacity, safety, green and low-carbon transformation, and it still faces risks such as overall overcapacity, oversupply of basic chemical products, obvious regional differentiation, and in-depth adjustment of global petrochemical product trade flows. In the field of global energy and chemical engineering, the proportion of high-end projects and high value-added projects will be further increased, the requirements for engineering technology and management level will continue to rise, the requirements for green, low-carbon and sustainable development are constantly increasing, and the limited market capacity and increasingly fierce competition will make the international business of the Company face more severe challenges.

Risks relating to changes in policies

(1) Nationalisation, seizure, confiscation, suspension, cancellation, spillover of geopolitical conflict and other risks with regard to projects undertaken by us

The target countries where some markets are developed have local wars, political instability, governmental governing was inefficient or gets into trouble, public liability and credit risk are high, and the resulting policy uncertainty and possible government intervention in investment matters have increased the political risks of project investment and construction. In some countries, government nationalisation, seizure, confiscation, suspension and cancellation of refinery projects occur from time to time. Little or even no compensation is paid to investors. Thus, relevant project participants may suffer huge losses. Under such circumstances, the risks relating to exploration of markets and project implementation activities in affected countries are relatively high and this may hinder the development of the international business of the Group. However, as the Company is an asset-light company, which mainly provides engineering services, the above risks have a limited impact on the Group's international business, and the risk of spillover of geopolitical conflicts may also affect the Group's engineering service business in markets of some countries.

(2) Restrictive requirements and imperfection risk of the policy and legal system in the country where the project is located

Certain countries where our projects are located have set restrictions on foreign cooperation access, localization requirements, environmental protection and sustainable development, labor protection and public safety policies for the industry where the Group is located, and there are problems such as incomplete and imperfect system, differential management and inefficient execution, and there is substantial uncertainty about whether partial reasonable policies can be continuously and effectively implemented in the future. Once some conditions occur due to imperfect policies and laws, higher standards for admittance or localization, environmental protection and sustainable development, the implementation of the project will be blocked directly, or the economic efficiency will decline, and the project will be involved in disputes or even legal proceedings, which will affect the implementation of the project in the host country and the further exploration of the market.

(3) Risks relating to changes in fiscal, tax and legal systems

The Group pays taxes in overseas countries and regions where it operates, changes in value-added tax, income tax, customs tax and other aspects of host countries' tax system, tax rate and collection & management methods will directly affect the economic results of the projects and may reduce the profitability of the project. In recent years, the taxation and legal systems of developing countries were gradually improved, tax enforcement became increasingly normalized and strict, and with the increase of the volume of business contracted overseas by Chinese engineering construction enterprises, some countries have focused on strengthening tax inspection and supervision of Chinese enterprises, and adopted means for anti-tax-avoidance measures. In the process of overseas business market development, the Group will fully analyze and evaluate the current fiscal, tax and legal systems of the target countries, but it is difficult to predict the possible changes in the tax-related legal policies and collection & management methods during the implementation of the project, and these changes may have a significant adverse impact on the profitability and financial performance of the Company's overseas business.

Meanwhile, if changes are made in the legal system of the host regions of major overseas projects such as Middle East, Central Asia, Southeast Asia and North Africa, including changes in investment laws, business laws, environmental protection laws, labor laws and other relevant laws, and if regulations and enforcement may become stricter, the execution of our projects will become more difficult and potentially affect the development of new projects in the host countries; if the current laws and regulations related to environmental protection, safety and health or provisions related to localization requirements are revised or updated, or standards are raised, the costs of compliance and operating efficiency of overseas businesses will be affected.

Risks relating to project delay and budget overrun

(1) Risks relating to inaccurate project quotation and preliminary budget

Insufficient accumulation of basic data required for project quotation and preliminary budget (labour hour, procurement and construction price), and insufficient efficiency and accuracy of quotations and preliminary budget, may affect the decision-making of projects and subsequent project implementation. For large projects with higher complexity, particularly the EPC contracting projects, new industries, new regions, new models of projects, due to the high complexity of the projects and the long cooperative operation period, inaccurate project quotations and primary budget estimates in the early stages of the projects may result in difficulties in completing the projects in accordance with the original budget estimates in the later stages of project implementation and lead to cost overruns.

(2) Risks relating to sub-contractor management

The Group usually engages sub-contractors to provide assistance in completing projects; however, if the resource distribution of sub-contractors is inadequate, it will delay current project completion and impede undertaking of other projects. Concurrently, the delay in sub-contractors' progress will increase the risk of project delay. In addition, the Group assumes joint liability for subcontracted projects, which means that the Group may be subject to compensation liability due to quality problems of subcontracted projects and may be subject to lawsuits and compensation claims, may undertake joint liability for the on-site security accidents of the sub-contractors and bear the risk of the losses in project results and damages to company image. It is possible that our business and financial status as well as our business operations will be adversely affected by these matters.

(3) Risks relating to frequent fluctuation of raw material prices for equipment

The occurrence of frequent fluctuations on price of raw materials for equipment used in domestic and overseas projects of the Group due to geopolitical tensions, changes in the macro operation environment, etc. directly increases the difficulty of project procurement cost control. Especially in the international market, sub-contractors compete by providing low bids in order to win contracts, leading to a significant decrease in the contractor's profit. If the price of raw materials for equipment increases significantly, the risk of completing a project outside the limits of our budget will be elevated.

(4) Risks relating to inflation, including the increase in cost of human resources

The Middle East, Central Asia, Southeast Asia and North Africa are the primary target markets of the Group's international business. Currently, we are vigorously developing the regional markets in Central and Southern Africa and South America. Considering that the economy in such areas as a whole is unstable with high inflation rates, this may directly lead to increase in price of sub-contracting and labour markets. Concurrently, due to the depreciation in the exchange rate of Renminbi, the cost of exported labour services increases, which further increases project execution cost.

(5) Risks relating to project management

Risks relating to project management are mainly reflected in financing service support, engineering design and capability for claiming indemnity. Some of the Group's on-going overseas projects are export credit financing projects and the project contract amount is large. Insufficient financing service support may lead to delays in construction because we may not solve problems in the financing process in a timely manner. For projects where international practices such as engineering design standards and industry rules are substantially different from practices of the PRC, once the Group's design team's abilities were hampered, the delay in design deliverables will result in difficulties in the execution of subsequent procurement and construction. Due to the complexity of the construction projects of the Group, the capability for claiming indemnity may directly affect the profitability of a project. If the project team's experience in claims and counter claims is inadequate to meet the requirements of the undertaken project, if we fail to properly deal with claims and counter claims in some EPC contracting projects where the conditions are complex and the demand is high, especially for the overseas projects, these will cause a negative impact on the effectiveness and profitability of such projects.

Risks relating to QHSE

Social media has become increasingly concerned about QHSE. Thus, the QHSE management ability of a company has become much more important to its survival and future development. In view of the high-risk nature of the petrochemical and engineering industries and the accumulated triple pressures of construction timeline, the risk of instability related to safety and quality remains high, which objectively increases the pressure and difficulty of QHSE management work for the Company.

Any non-standard, non-regulated, imperfect situation or insufficient execution in the Group' QHSE management principles, models and system may result in QHSE incidents. On the other hand, the social situation confronted by the Company's overseas projects is relatively unstable, and the overseas public safety risks are under great pressure, which may lead to overseas public safety incidents.

Risks relating to exchange rate

During the Reporting Period, there were accounts receivable and payable and cash balances in relation to our overseas projects, which are settled in foreign currencies. During the Reporting Period, our foreign currencies mainly consist of U.S. dollars, Euros, Kuwaiti dinar, Saudi riyal, Kuwaiti dinar, Malaysian ringgit, Algerian dinar, Kazakh Tenge. Exchange rates will affect the pricing of our services as well as our material procurement costs settled in foreign currencies. Thus, fluctuation in exchange rates may affect the Group's business performance and financial status. Moreover, the exchange and remittance of foreign currencies are subject to PRC laws and regulations on foreign currency, and therefore, it cannot be guaranteed that policies on foreign trade under current accounts and capital accounts will remain unchanged. Foreign currency policies may limit our ability to obtain adequate foreign currencies. We cannot ensure that we have enough foreign currencies to meet the demand of the Group under certain exchange rates. This will affect the execution of our projects settled in foreign currencies.

During the Reporting Period, the Company did not implement any hedge transactions regarding exchange rate fluctuation, the details are set out in the section headed "Significant Events – 13 Financial Derivatives for Hedging Purposes" in this annual report.

Risks relating to the uncertainty of obtaining new projects

The Group's revenue mainly comes from offering services in refining, petrochemical, new coal chemical and storage & transportation industries. Client demands are affected by periodic variation of traditional resources and overall business levels. Resource supply and price variations will significantly affect our ability to obtain new projects. At the same time, the competitiveness of traditional resources in the resource market is the prerequisite of ensuring service demand. If government subsidies or other economic stimulating measures are implemented to lower the prices of substitute resources, and if technological breakthroughs for substitute resource suppliers and users may be achieved, the cost advantages of traditional resources will diminish. This will decrease our new business volume on a large scale. Overseas business will be affected by multiple factors such as global industry development trends, country-specific political and economic situations, peer competition situations, geopolitical conflicts, and there will be still a great deal of uncertainty in the development and contracting of new overseas projects.

Risks relating to decreased orders from major clients

The industries in which our clients are involved are capital and technology-intensive with high entrance thresholds. Our major clients are relatively concentrated, resulting in the Group being dependent on a small group of clients, especially on the largest client which is SINOPEC SEG's controlling shareholder (and its associates). If our major clients choose to switch to a competitor of the Group, or reduce orders because of financial difficulties and other factors, we will face severe business fluctuations or revenue decreases. We endeavour to attract more new clients for both our domestic and international businesses. However, it is likely that the majority of our clients and revenue will continue to come from our current major clients. Therefore, we cannot guarantee stability and growth of our revenue due to potential risks which may result in significant negative impact on our business performance.

Risks relating to changes in investment strategies and tactics

In recent years, the international situations changed beyond expectations, and the global energy market fluctuated sharply. These factors had certain adverse impact to the implementation of investment strategies such as acquisition, sales and new market exploration of domestic and international engineering companies. With the gradually stable operation of the domestic economy, the Company will still promote the high-quality development of the enterprise through the implementation of investment strategies such as acquisition, sales and new market exploration. Entering a new business domain by acquisition may result in additional business risks which differ from our previous risk factors. There might be great difficulties in how to recognise all significant risks during our due diligence investigation, how to achieve synergy and resource integration, and how to successfully operate an expanded company after acquisition. We will strive to assist potential buyers to assume liabilities of the business, and execute the contracts and other rights should we sell any part of the Group or pursue acquisitions in the future. The Group plans to accelerate the promotion of new technological innovation, new product research and development and new business transformation focusing on the domestic and overseas markets, and may increase investment in technology and R&D in the field of alternative energy sources and alternative chemical raw materials, the future development of relevant investments and transactions is mainly subject to influence of uncontrollable government policies superposed with huge downward pressure and potential financial risks in the world, which may result in a significant negative impact on the business and financial status of the Group.

Risks relating to new business segments

When expanding new businesses such as new coal chemicals, energy saving and environmental protection, LNG, hydrogen energy, photovoltaic, wind power, the Group is faced with the intricate market environment, the Group's technical reserves in new fields may not be perfect enough, project engineering and constructional experience may be insufficient, if it has little knowledge of the credit status of the clients, it is very difficult for the Group to fully identify and avoid major risks existing in the new businesses.

Risks relating to the new business models

The Group proactively explores new business models such as contract energy management and will invest in the whole process of a project, and scale back on costs and earn profits by sharing environmental protection and energy saving benefits with its clients. As it involves the corporate operation and project operation of its clients, the Group will face, for instance, credit risks due to the transferring of project benefits by the clients, the risks brought about by improper corporate operation of the clients or by legal disputes, the project risks in failure to achieve expected targets in terms of energy saving and environmental protection benefits and failures in timely pay-back of investments.

Risks of engaging in oil and natural gas engineering projects in sanctioned countries

The United States and other jurisdictions or organizations, including the European Union and the United Nations, have, through executive orders, legislation or other governmental means, implemented measures that impose economic sanctions against certain countries or jurisdictions, or against targeted industry. Groups of companies or persons, and/or organizations within these sanctioned countries or jurisdictions, have experienced a series of macro risks, such as economic recession, fiscal imbalance and debt default, which have also led to a number of micro risks such as devaluation of currencies, exchange difficulties, financial creditworthiness, logistics and transportation, and "secondary sanctions". The sanctions that are expected to be imposed are likely to continue, and the implementation and interpretation of such sanctions and policies may evolve, therefore, there is still scrutiny on the Group's business or risks that one or more of the Group's business activities may be deemed to violate sanctions laws. In view of this, the Group can provide no assurances that its future business will be free of risk under U.S. sanctions or sanctions from other countries or organizations, or that the Group's business will conform to the expectations and requirements of U.S. authorities or the authorities of any other government or organization that does not have jurisdiction over the Group's business but may impose sanctions on an extraterritorial basis. Shareholders and potential investors should consider (1) if investment in the Company would expose them to any OFAC or related sanctions arising from their nationality or residency, and (2) the risk that, if the Group engages in oil, gas and refining chemical engineering business in sanctioned countries, such business may result in reduction of the marketability of the shares of the Company and may have an adverse effect on the share price of the Company.

27 Corporate Report on Environmental, Social and Governance

For details of the Group' environmental, social and governance practices, please refer to the 2024 environmental, social and governance report to be issued by the Company on 16 March 2025.

By Order of the Board

JIANG Dejun

Chairman of the Board

Beijing, the PRC

14 March 2025

REPORT OF THE SUPERVISORY COMMITTEE

REPORT OF THE SUPERVISORY COMMITTEE

BU Fanyong
Chairman of the Supervisory Committee

To all shareholders,

The Supervisory Committee and the supervisors of Sinopec Engineering (Group) Co., Ltd. strictly fulfill their supervisory duties and actively participate in the supervision of the decision-making process in accordance with the relevant provisions of the Company Law of the People's Republic of China and the Articles of Association of Sinopec Engineering (Group) Co., Ltd. The Supervisory Committee timely inspects the financial status of the Company, supervises directors and senior management members of the Company to perform duties; convenes meetings of the Supervisory Committee as scheduled, verifying and reviewing relevant proposals to be submitted by the Board to the shareholders general meetings; exercises the powers of Supervisory Committee in accordance with relevant laws and regulations as well as the Articles of Association and submits proposals to shareholders general meetings at appropriate time; adheres to work in a honest, diligent and conscientious manner, and exerts the functions of Supervisory Committee for the high-quality development of the Company.

During the Reporting Period, the Supervisory Committee held five meetings, at which the Company's annual and interim reports, annual and interim financial reports, dividend distribution plan, annual operation investment plan, financial budget and so on were reviewed and considered, and the election of the fifth session of the Supervisory Committee were completed.

The ninth meeting of the Fourth Session of the Supervisory Committee of the Company was held on 15 March 2024, at which the Work Report of the Supervisory Committee for 2023, the 2023 Financial Statements, the 2023 Annual Report, the 2023 Dividend Distribution Plan, the Production and Operation Plan, Investment Plan and Financial Budget for 2024 and so on were considered and approved.

The tenth meeting of the Fourth Session of the Supervisory Committee of the Company was held in writing on 24 April 2024, at which the candidates for supervisors of the Fourth Session of the Supervisory Committee of Sinopec Engineering (Group) Co., Ltd. were nominated.

The eleventh meeting of the Fourth Session of the Supervisory Committee of the Company was held on 10 May 2024, at which the chairman of the Fourth Session of the Supervisory Committee of Sinopec Engineering (Group) Co., Ltd. was elected.

The twelfth meeting of the Fourth Session of the Supervisory Committee of the Company was held on 16 August 2024, at which the 2024 Interim Financial Statements, the 2024 Interim Report, the 2024 Interim Dividend Distribution Plan, and the Work Report of the Fourth Session of the Supervisory Committee of the Company were considered and approved, and the candidates for supervisors of the Fifth Session of the Supervisory Committee were elected.

The first meeting of the Fifth Session of the Supervisory Committee of the Company was held on 8 November 2024, at which the chairman of the Fifth Session of the Supervisory Committee was elected.

Furthermore, the Supervisory Committee organised supervisors to attend the shareholders general meetings of the Company and the Board meetings and supervised the decision-making process for major issues of the Company.

Through the supervision of operation, management and financial position of the Company, the Supervisory Committee and all supervisors are of the opinion that in 2024, the Board of the Company and senior management members of the Company have faithfully fulfilled the responsibilities and obligations assigned by the Company Law of the People's Republic of China and the Articles of Association of Sinopec Engineering (Group) Co., Ltd.; advanced towards high-quality development with the core of "strengthening strategic guidance and overall planning and integration, focusing on the main business and carrying out main responsibilities, continuously driving technological innovation, leading the new industrialization of the engineering industry, promoting the internationalization of engineering enterprise operations, and achieving diversified value creation"; further optimized and refined the management and institutional systems, continuously enhanced risk prevention and control, and strengthened oversight and constraints through the Audit Committee and Supervisory Committee of the Board. The operational standards, as well as the decision-making procedures of the Company are in compliance with the relevant requirements of the Company Law of the People's Republic of China and the Articles of Association of Sinopec Engineering (Group) Co., Ltd. The Supervisory Committee did not identify any behavior of any Directors and senior management members of the Company in violation of applicable PRC laws, regulations or the Articles of Association or in infringement of the interests of the Company and the shareholders in performing their duties. The accounting and financial management of the Company are in compliance with the International Financial Reporting Standard, the Chinese Accounting Standards for Business Enterprises and related regulations. The Company's financial operation was in good condition, and the financial statements truly and fairly represented the financial status and operating results of the Company. The decision-making procedure for connected transactions between the Group and Sinopec Group and its associates complied with the stipulations of relevant laws, regulations and Articles of Association, and there was no infringement of the interests of the Company and the shareholders.

This session of the Supervisory Committee will continue to uphold the principle of diligence and integrity, conscientiously perform its supervisory duties, strictly consider the major decision-making matters and strengthen the process control and process monitoring, put greater efforts in inspection and supervision and protect the interests of the Company and its shareholders.

BU Fanyong

Chairman of the Supervisory Committee

Beijing, the PRC

14 March 2025

DIRECTORS, SUPERVISORS, OTHER MEMBERS OF SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS, SUPERVISORS, OTHER MEMBERS OF SENIOR MANAGEMENT AND EMPLOYEES

1 Directors, Supervisors and Other Members of Senior Management

(1) Director

Mr. JIANG Dejun (蔣德軍) – Chairman of the Board

Mr. JIANG Dejun (蔣德軍), is the Chairman of the Board of SINOPEC SEG. Mr. JIANG is a principal senior engineer with a Ph. D degree. Mr. JIANG served as the deputy head of Lanzhou Design Institute of Sinopec Group (中國石化集團蘭州設計院) from November 2001 to September 2003; served as the director and vice president of Sinopec Ningbo Engineering Co., Ltd. (中國石化寧波工程有限公司) from September 2003 to June 2007; served as the deputy manager of SINOPEC Engineering Co., Ltd. (中國石化集團煉化工程有限公司) from June 2007 to December 2008; served as the Vice President of SINOPEC Engineering Co., Ltd. and deputy Director of Engineering Enterprise Management Department of Sinopec Group from December 2008 to September 2012; served as the vice president of Sinopec Fifth Construction Co., Ltd. (中石化第五建設有限公司) from September 2012 to October 2019; served as an employee representative Supervisor of SINOPEC SEG from January 2015 to December 2020; served as the general manager of Sinopec Engineering Incorporation from October 2019 to December 2020; served as the President of SINOPEC SEG from December 2020 to May 2023; he has been a Director of SINOPEC SEG since February 2021, and the Chairman of the Board of SINOPEC SEG since May 2023.

Mr. ZHANG Xinming (張新明) – Executive Director and President

Mr. ZHANG Xinming (張新明), is an Executive Director and President of SINOPEC SEG. Mr. ZHANG Xinming is a principal senior engineer, graduated from university with a master's degree in business administration. Mr. ZHANG served as the Deputy General Manager of Sinopec Luoyang Engineering Co., Ltd. (中國石化洛陽工程有限公司) and the Deputy General Manager of Sinopec Guangzhou Engineering Co., Ltd. (中國石化廣州工程有限公司) from August 2013 to March 2015; served as the Deputy Director of the Development Planning Department of China Petrochemical Corporation from March 2015 to December 2019; served as the Deputy General Manager of the Development Planning Department of China Petrochemical Corporation from December 2019 to April 2021; served as the Chairman of Sinopec Shanghai Engineering Co., Ltd from September 2020 to April 2023; served as the supervisor of SINOPEC SEG from May 2021 to April 2023. He has been the President of SINOPEC SEG since April 2023, and an executive Director of SINOPEC SEG since May 2023.

Mr. XIANG Wenwu (向文武) – Director

Mr. XIANG Wenwu (向文武), is a Director of SINOPEC SEG, and serves as the general manager of the engineering department of Sinopec Group and the general manager of the engineering department of Sinopec Corporation. Mr. XIANG is a principal senior economist and holds a Ph.D. diploma. Mr. XIANG served as the deputy manager of Sinopec Group Second Construction Company (中國石化集團第二建設公司) ("Sinopec Group SCC") from June 1999 to March 2004; served as the manager of Sinopec Group SCC from March 2004 to December 2008; served as the general manager of Sinopec Group SCC from December 2008 to July 2010; served as a director and the general manager of Sinopec Group Nanjing Engineering Co., Ltd. (中國石化集團南京工程有限公司) from December 2009 to April 2012; served as an executive director and the general manager of Sinopec Nanjing Engineering Co., Ltd. (中石化南京工程有限公司) from April 2012 to November 2014; served as the vice president of the SINOPEC SEG from August 2012 to January 2017; served as the president of SINOPEC SEG from January 2017 to December 2020; he has been a Director of SINOPEC SEG since February 2017. He served as the Vice Chairman of the Board of SINOPEC SEG from December 2020 to April 2024 and an executive Director of Sinopec Fourth Construction Co., Ltd. from December 2020 to April 2024. He has been the general manager of the engineering department of Sinopec Group and the general manager of the engineering department of Sinopec Corporation since April 2024.

Mr. LI Chengfeng (李成峰) – Director

Mr. LI Chengfeng (李成峰), is a Director of SINOPEC SEG. Mr. LI is a senior engineer with a master degree. Mr. Li served as the vice president of BASF-YPC Company Limited (BASF-YPC) from December 2004 to September 2005; served as a director of Sinopec Yangzi Petrochemical Company (Limited) (中國石化揚子石化股份(有限責任)公司) from September 2005 to March 2008; served as the vice president of Sinopec Yangzi Petrochemical Corporation (中國石化揚子石化股份有限公司) from September 2005 to October 2006; served as the general manager of Sinopec Yangzi Petrochemical Corporation from October 2006 to June 2007; served as the general manager of Sinopec Yangzi Petrochemical Co., Ltd. (中國石化揚子石化有限公司) from June 2007 to March 2008; served as the chairman of BASF-YPC from October 2006 to March 2008; served as the manager of chemical sales branch of Sinopec Corp from March 2008 to December 2008; served as the general manager of chemical sales branch of Sinopec Corp from December 2008 to March 2012; served as an executive director of Sinopec Chemical Commercial Holding Company Limited from January 2009 to November 2014; served as the general manager of Sinopec Chemical Commercial Holding Company Limited from April 2009 to November 2014; served as the deputy director of chemical business department of Sinopec Corp. from July 2010 to November 2014; served as chairman of Sinopec Chemical Commercial Holding (Hong Kong) Co., Ltd. from October 2014 to November 2014; served as the director of Sinopec Wuhan Petrochemical plant, the general manager of Sinopec Corp. Wuhan Branch and the chairman of Sino-Korean (Wuhan) Petrochemical Co., Ltd (中韓(武漢)石油化工有限公司) from November 2014 to December 2016; served as the general manager of Sino-Korean (Wuhan) Petrochemical Co., Ltd. from November 2014 to May 2016; served as the chairman of Sinopec Yangzi Petrochemical Co., Ltd., (中石化揚子石化有限責任公司), Yangzi Petrochemical Co., Ltd. (揚子石化有限公司) and chairman of BASF-YPC from December 2016 to June 2018; served as the director of the chemical business department of Sinopec Corp. from June 2018 to December 2019; served as the vice chairman of ZTHC Energy Co., Ltd. (中天合創能源有限責任公司) from September 2018 to October 2022; served as the chairman of Shanghai SECCO Petrochemical Co., Ltd. (上海賽科石油化工有限責任公司) from January 2019 to November 2022; served as the general manager of the chemical business department of Sinopec Corp. and an executive director of Sinopec Asset Management Co., Ltd. from December 2019 to April 2024; served as the chairman of AGCC project joint venture from May 2020 to April 2024; served as the deputy chief engineer of Sinopec Corp. from December 2020 to April 2024; he has been a Director of SINOPEC SEG since October 2021.

Mr. YU Renming (俞仁明) – Director

Mr. YU Renming (俞仁明), is a Director of SINOPEC SEG. Mr. YU is a principal senior engineer with a university diploma. Mr. YU served as the Deputy General Manager of Sinopec Zhenhai Refining and Chemical Co., Ltd. (中國石化鎮海煉油化工股份有限公司) from June 2000 to September 2006; served as a director of Sinopec Zhenhai Refining and Chemical Co., Ltd. from June 2003 to September 2006; served as the Deputy Manager of Zhenhai Refining and Chemical Branch of Sinopec Corp. from September 2006 to September 2007; served as the manager of Zhenhai Refining and Chemical Branch of Sinopec Corp. from September 2007 to March 2008; served as the Director of the Production and Operation Management Department of Sinopec Corp. from January 2008 to December 2017; served as the employee representative supervisor of Sinopec Corp. from December 2010 to January 2021; served as the Director of the Refining Business Department of Sinopec Corp. from December 2017 to December 2019; served as the Vice Chairman and Chairman of the Audit Committee of Yanbu Aramco Sinopec Refining Company Ltd. from December 2017 to December 2019; served as the Chairman of SINOPEC SEG from December 2019 to December 2020; served as the Deputy Chief Engineer and General Manager of the Refining Business Department of Sinopec Corp. from December 2020 to April 2024; he has been a Director of SINOPEC SEG since October 2023.

Mr. DUAN Xue (段雪) – Independent Director

Mr. DUAN Xue (段雪), is an independent Director of SINOPEC SEG. Mr. DUAN is currently an academician of the Chinese Academy of Sciences, a researcher and doctoral supervisor of Beijing University of Chemical Technology, the executive deputy director of the Academic Committee of the State Key Laboratory of Effective Utilization of Chemical Resources, the vice-president of the China Petroleum and Chemical Industry Federation, and a council member of the Chemical Industry and Engineering Society of China. Mr. DUAN worked as a teaching assistant at Beijing Institute of Chemical Technology from September 1985 to January 1990; served as an associate professor at Beijing Institute of Chemical Technology from January 1990 to January 1993; he has been a researcher at Beijing University of Chemical Technology since January 1993; he was elected in 2007 as an academician of the Chinese Academy of Sciences. Mr. DUAN has been an independent Director of SINOPEC SEG since May 2023.

Mr. YE Zheng (葉政) – Independent Director

Mr. YE Zheng (葉政), is an independent Director of SINOPEC SEG. Mr. YE is a director of Ace Sustainability & Risk Advisors Limited, and an independent non-executive director of Hainan Meilan International Airport Company Limited (海南美蘭國際空港股份有限公司) (Stock Code: 357) whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. He worked in Shanghai Municipal Finance Bureau (上海市財政局) from October 1982 to January 1989. Mr. YE has over 25 years of experience in audit, internal control and consultancy. He served as an auditor in Ernst & Young (安永會計師事務所) from October 1995 to April 2000; served as an audit manager in KPMG (畢馬威會計師事務所) from May 2000 to December 2001; served as a senior audit manager in Grant Thornton (香港均富會計師事務所) from January 2002 to July 2005; served as a director in Ernst & Young from August 2005 to October 2006, and served as a practicing director of Mazars CPA Limited from November 2006 to April 2021. Mr. YE obtained a bachelor's degree in accounting and finance in May 1993, and a master's degree in business administration in December 1994, both from California State University, Long Beach. Mr. YE became a member of the American Institute of Certified Public Accountants in September 1998 and a member of the Hong Kong Institute of Certified Public Accountants in May 2003. He has been a director of Ace Sustainability & Risk Advisors Limited since April 2021, an independent Director of SINOPEC SEG since April 2013, and an independent non-executive director of Hainan Meilan International Airport Company Limited (海南美蘭國際空港股份有限公司) (Stock Code: 357) whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited since October 2021. Mr. YE was a consulting expert for the third session of the committee for enterprise internal control standards appointed by the Ministry of Finance of the People's Republic of China from 1 November 2014 to 31 October 2016.

Mr. ZHAO Jinsong (趙勁松) – Independent Director

Mr. ZHAO Jinsong (趙勁松), is an independent Director of SINOPEC SEG. Mr. ZHAO is currently the director and professor of the Institute of Process System Engineering, Department of Chemical Engineering, Tsinghua University, deputy director of the Beijing Key Laboratory of Industrial Big Data System and Application, and also the executive vice-chairman of the Culture and Ethics Committee of the Chinese Society of Engineers, the chairman of the Engineering and Ethics Education Committee of the Chemical Industry and Engineering Society of China, the vice-chairman of the Process System Engineering Special Committee of the Systems Engineering Society of China, vice chief editor of the "Chinese Journal of Chemical Engineering (English Edition)", member of the editorial board of the international journal "Computers & Chemical Engineering, Process Safety and Environmental Protection", member of the expert group of Hazardous Chemical Safety Special Committee of the Safety Commission of the State Council, member of the first Expert Group on Ecological and Environmental Emergency Response of the Ministry of Ecology and Environment, and leader in the field of safety production in Beijing. Mr. ZHAO worked as a postdoctoral associate researcher at Purdue University of USA from August 1997 to March 2001; worked as a senior engineer at Day & Zimmermann, Inc. and AET, Inc. of USA from March 2001 to March 2005; worked as a professor and doctoral supervisor at the School of Information Technology, Beijing University of Chemical Technology from March 2005 to March 2008; from April 2008, he served as a professor and doctoral supervisor in the Department of Chemical Engineering of Tsinghua University, and served as the director of the Department of Chemical Engineering at Tsinghua University from June 2013 to December 2020. Mr. ZHAO has been an independent Director of SINOPEC SEG since October 2023.

Ms. XIE Yanli (謝艷麗) – Employee Representative Director

Ms. XIE Yanli (謝艷麗), is an employee representative Director of SINOPEC SEG., and serves as an executive director and the general manager of Sinopec Energy Management Co., Ltd. (director of Sinopec Energy Management Center). Ms. XIE is a principal senior engineer with a master's degree. Ms. XIE held various positions in Sinopec Research Institute of Economics and Technology, Sinopec Energy Management Company (中石化節能技術服務公司) and Sinopec Energy Management Center from July 2002 to June 2020; she has been an executive director and the general manager of Sinopec Energy Management Co., Ltd. (the director of Sinopec Energy Management Center) since June 2020. Ms. XIE has been an employee representative Director of SINOPEC SEG since May 2023.

Profile of the Directors of the Fifth Session of the Board as at the date of this annual report

Name	Gender	Age	Position in the Company	Term of Office as Director
JIANG Dejun	Male	59	Chairman of the Board	November 2024 – November 2027
ZHANG Xinming	Male	58	Executive Director and President	November 2024 – November 2027
XIANG Wenwu	Male	58	Director	November 2024 – November 2027
LI Chengfeng	Male	60	Director	November 2024 – November 2027
YU Renming	Male	61	Director	November 2024 – November 2027
DUAN Xue	Male	68	Independent Director	November 2024 – November 2027
YE Zheng	Male	60	Independent Director	November 2024 – November 2027
ZHAO Jinsong	Male	56	Independent Director	November 2024 – November 2027
XIE Yanli	Female	48	Employee Representative Director	November 2024 – November 2027

The above Directors were appointed as the Directors of the Fifth Session of the Board of the Company on 8 November 2024. They have confirmed that they understand their responsibilities as directors of listed companies, and have obtained the legal opinions required under Rule 3.09D of the Hong Kong Listing Rules on 8 November 2024.

The Resignation of Directors during and after the Reporting Period

Name	Gender	Age	Position in the Company	Term of Office as Director
WU Wenxin	Male	61	Former Non-executive Director	October 2021 – April 2024
HUI Chiu Chung, Stephen	Male	77	Former Independent Director	October 2021 – November 2024

As at the end of the Reporting Period, changes in Directors' Information

Mr. LI Chengfeng and Mr. YU Renming retired from Sinopec Group in April 2024. They no longer hold any positions at Sinopec Group or its subsidiaries. Mr. XIANG Wenwu was re-designated from executive Director to non-executive Director of the Company in April 2024.

(2) Supervisors

Mr. BU Fanyong (卜凡勇) – Chairman of the Supervisory Committee and Chairman of the Trade Union

Mr. BU Fanyong (卜凡勇), is the Chairman of the Supervisory Committee and Chairman of the Trade Union of SINOPEC SEG. Mr. BU is a senior economist with a master degree in engineering. From July 1996 to April 2024, Mr. BU held several positions consecutively in Sinopec Shengli Petroleum Administration Bureau and the Discipline Inspection and Supervision Group of Sinopec Group. Mr. BU has been the Chairman of the Supervisory Committee of SINOPEC SEG since May 2024; he has been the Chairman of the Trade Union of SINOPEC SEG since June 2024.

Mr. WU Defei (吳德飛) – Supervisor

Mr. WU Defei (吳德飛), is a supervisor of SINOPEC SEG, and serves as an executive director of Sinopec Engineering Incorporation (中國石化工程建設有限公司). Mr. WU is a principal senior engineer with a doctoral degree in engineering. Mr. WU served as the Deputy Director of the Refining Business Department of Sinopec Corp. from January 2018 to March 2019; served as a director of Fujian Petrochemical Company Limited from October 2018 to June 2020; served as the Deputy General Manager of Sinopec Nanjing Engineering Co., Ltd. (中石化南京工程有限公司) from March 2019 to August 2020; served as the Executive Vice General Manager of Sinopec Engineering Incorporation from August 2020 to December 2020; served as the General Manager of Sinopec Engineering Incorporation from December 2020 to April 2023; he has been an executive director of Sinopec Engineering Incorporation since April 2023; he has been a supervisor of SINOPEC SEG since May 2023.

Mr. HAN Weiguo (韓衛國) – Supervisor

Mr. HAN Weiguo (韓衛國), is a Supervisor of SINOPEC SEG, and serves as an executive director of Sinopec Luoyang Engineering Co., Ltd. (中石化洛陽工程有限公司) and Sinopec Guangzhou Engineering Co., Ltd. (中石化廣州工程有限公司). Mr. HAN is a senior engineer with a master's degree in business administration. Mr. HAN served as vice president of Sinopec Luoyang Engineering Co., Ltd. and Sinopec Guangzhou Engineering Co., Ltd. from May 2016 to May 2020, and served as general manager of Sinopec Luoyang Engineering Co., Ltd. and Sinopec Guangzhou Engineering Co., Ltd. from May 2020 to February 2023. He has been an executive director of Sinopec Luoyang Engineering Co., Ltd. and Sinopec Guangzhou Engineering Co., Ltd. since February 2023; he has been a Supervisor of SINOPEC SEG since May 2023.

Mr. SHA Yu (沙裕) – Supervisor

Mr. SHA Yu (沙裕), is a Supervisor of SINOPEC SEG, and serves as an executive director of Sinopec Shanghai Engineering Co., Ltd. (中石化上海工程有限公司). Mr. SHA is a principal senior engineer with a master's degree in business administration. Mr. SHA served as the Deputy General Manager of Sinopec Shanghai Engineering Co., Ltd. from August 2016 to September 2020; he served as a director and general manager of Sinopec Shanghai Engineering Co., Ltd. from September 2020 to September 2023; he has been an executive director of Sinopec Shanghai Engineering Co., Ltd. since September 2023; he has been a Supervisor of SINOPEC SEG since October 2023.

Mr. ZHOU Yingguan (周贏冠) – Supervisor

Mr. ZHOU Yingguan (周贏冠), is a Supervisor of SINOPEC SEG, and serves as an executive director of Sinopec Nanjing Engineering Co., Ltd. (中石化南京工程有限公司). Mr. ZHOU is a principal senior economist with a university diploma. Mr. ZHOU served as the vice president of the Sinopec Group Second Construction Company (中國石化集團第二建設公司) from March 2004 to July 2010; served as the vice president of Sinopec Group Nanjing Engineering Co., Ltd. (中國石化集團南京工程有限公司) from July 2010 to April 2012; served as the vice president of Sinopec Nanjing Engineering Co., Ltd. from April 2012 to April 2017; served as the Supervisor of SINOPEC SEG from January 2015 to October 2018; served as an executive director and president of Sinopec Fourth Construction Co., Ltd. from April 2017 to December 2020; served as a Director of SINOPEC SEG from October 2018 to December 2020; he has been an executive director of Sinopec Nanjing Engineering Co., Ltd. since December 2020; he has been a Supervisor of SINOPEC SEG since February 2021.

Mr. ZHENG Lijun (鄭立軍) – Employee Representative Supervisor

Mr. ZHENG Lijun (鄭立軍), is an employee representative Supervisor of SINOPEC SEG, and serves as an executive director of Sinopec Ningbo Engineering Co., Ltd. (中石化寧波工程有限公司). Mr. ZHENG is a principal senior engineer with a university diploma. Mr. ZHENG served as the deputy general manager of Sinopec Engineering Incorporation (中國石化工程建設有限公司) from March 2017 to November 2019; served as the vice president of SINOPEC SEG from November 2019 to December 2022; served as the president of Sinopec Ningbo Engineering Co., Ltd. from December 2022 to December 2023; he has been an executive director of Sinopec Ningbo Engineering Co., Ltd. since December 2023; he has been an employee representative Supervisor of SINOPEC SEG since February 2024.

Mr. DONG Kexue (董克學) – Employee Representative Supervisor

Mr. DONG Kexue (董克學), is an employee representative Supervisor of SINOPEC SEG, and serves as an executive director of Sinopec Fourth Construction Co., Ltd. Mr. DONG is a principal senior engineer with a master's degree in business administration. Mr. DONG served as the deputy general manager of Sinopec Tenth Construction Company Limited from September 2009 to November 2020; served as the general manager of Sinopec Fourth Construction Co., Ltd. from November 2020 to July 2024; he has been an executive director of Sinopec Fourth Construction Co., Ltd. since July 2024; he has been an employee representative Supervisor of SINOPEC SEG since November 2024.

Mr. YI Hao (衣浩) – Employee Representative Supervisor

Mr. YI Hao (衣浩), is an employee representative Supervisor of SINOPEC SEG, and serves as an executive director of Sinopec Fifth Construction Co., Ltd. (中石化第五建設有限公司). Mr. YI is a principal senior economist with a university diploma. Mr. Yi served as the vice president of the Fifth Construction Company of Sinopec Group (中國石化集團第五建設公司) from July 2000 to April 2012; served as the vice president of Sinopec Fifth Construction Co., Ltd. (中石化第五建設有限公司) from April 2012 to April 2015; served as the chairman of the trade union and supervisor of Sinopec Fifth Construction Co., Ltd. from April 2015 to April 2017; served as the vice president of Sinopec Fifth Construction Co., Ltd. from April 2017 to December 2018; served as the president of Sinopec Fifth Construction Co., Ltd. from December 2018 to December 2019; he has been an executive director of Sinopec Fifth Construction Co., Ltd. since December 2019; he has been an employee representative Supervisor of SINOPEC SEG since October 2021.

Mr. WANG Yi (王毅) – Employee Representative Supervisor

Mr. WANG Yi (王毅), is an employee representative Supervisor of SINOPEC SEG, and serves as an executive director of Sinopec Tenth Construction Company Limited (中石化第十建設有限公司). Mr. WANG is a principal senior engineer with a master degree. Mr. WANG served as the vice president of Sinopec Tenth Construction Company Limited from November 2014 to July 2019; served as the vice president of SINOPEC SEG from July 2019 to August 2020; served as the president of Sinopec Tenth Construction Company Limited from August 2020 to December 2022; he has been an executive director of Sinopec Tenth Construction Company Limited since December 2022; he has been an employee representative Supervisor of SINOPEC SEG since January 2023.

Profile of the Supervisors of the Fifth Session of the Supervisory Committee during the Reporting Period

Name	Gender	Age	Position in the Company	Term of Office as Supervisor
BU Fanyong	Male	48	Chairman of the Supervisory Committee	November 2024 – November 2027
WU Defei	Male	49	Supervisor	November 2024 – November 2027
HAN Weiguo	Male	54	Supervisor	November 2024 – November 2027
SHA Yu	Male	55	Supervisor	November 2024 – November 2027
ZHOU Yingguan	Male	56	Supervisor	November 2024 – November 2027
ZHENG Lijun	Male	56	Employee Representative Supervisor	November 2024 – November 2027
DONG Kexue	Male	58	Employee Representative Supervisor	November 2024 – November 2027
YI Hao	Male	56	Employee Representative Supervisor	November 2024 – November 2027
WANG Yi	Male	54	Employee Representative Supervisor	November 2024 – November 2027

(3) Other Senior Management

Please refer to the subsection headed "Directors" in this section for biographical details of Mr. ZHANG Xinming.

Mr. WANG Guohua (王國華) – Vice President

Mr. WANG Guohua (王國華), is the vice president of SINOPEC SEG and the president of Sinopec Heavy Lifting & Transportation Co., Ltd. (中石化重型起重運輸工程有限公司). Mr. WANG is a principal senior economist with a university diploma. Mr. WANG served as the deputy manager of Sinopec Fourth Construction Company (中石化第四建設公司) (the "FCC") from July 2003 to December 2008; served as the deputy general manager of FCC from December 2008 to April 2012; served as the deputy general manager of Sinopec Fourth Construction Co., Ltd. (中石化第四建設有限公司) (the "SFCC") from April 2012 to October 2014; served as an executive director and the president of the SFCC from October 2014 to April 2017; served as the vice president of the SFCC from April 2017 to March 2019; he has been the president of Sinopec Heavy Lifting & Transportation Co., Ltd. since March 2019; he has been the vice president of SINOPEC SEG since April 2019.

Mr. YIN Fengbing (尹鳳兵) – Chief Financial Officer, Secretary to the Board and Company Secretary

Mr. YIN Fengbing (尹鳳兵), is the Chief Financial Officer, Secretary to the Board and Company Secretary of SINOPEC SEG. Mr. YIN is a senior accountant with a university diploma. Mr. YIN has consecutively held several positions in Sinopec Yizheng Chemical Fiber Co., Ltd. (中國石化儀徵化纖股份有限公司), and the financial planning department and the finance department of Sinopec Group from July 1992 to August 2020. Mr. YIN served as the Chief Accountant of Sinopec Chemical Commercial Holding Company Limited North China Branch (中國石化化工銷售有限公司華北分公司) from August 2020 to October 2023; he has been the Chief Financial Officer of SINOPEC SEG since October 2023, and the Secretary to the Board and Company Secretary of SINOPEC SEG since November 2023.

Mr. FENG Di (馮迪) – Vice President

Mr. FENG Di (馮迪), is the vice president of SINOPEC SEG. Mr. FENG is a senior engineer with a master degree. From September 1990 to December 2022, Mr. FENG has consecutively held several positions in Sinopec Luoyang Petrochemical Engineering Co., Ltd. (中石化洛陽石油化工工程公司) and SINOPEC SEG. Mr. FENG has been the vice president of SINOPEC SEG since January 2023.

Mr. SUN Baoping (孫寶平) – Vice President

Mr. SUN Baoping (孫寶平), is the vice president of SINOPEC SEG. Mr. SUN is a principal senior economist with a master degree. Mr. SUN has consecutively held several positions in Beijing Petrochemical Engineering Co., Ltd. and SINOPEC Engineering Incorporation (中國石化工程建設有限公司) from August 1997 to December 2022. Mr. SUN has been the vice president of SINOPEC SEG since January 2023.

Profile of the Senior Management during the Reporting Period

Name	Gender	Age	Position in the Company	Date of Taking Office
ZHANG Xinming	Male	58	Executive Director and President	April 2023
WANG Guohua	Male	55	Vice President	April 2019
YIN Fengbing	Male	54	Chief Financial Officer Secretary to the Board Company Secretary	October 2023 November 2023 November 2023
FENG Di	Male	56	Vice President	January 2023
SUN Baoping	Male	50	Vice President	January 2023

2 Relationship among Directors, Supervisors and Other Members of the Senior Management

There is no financial, business, family or other material relationship among Directors, Supervisors and other members of the Senior Management except for the working relationship in the Group.

3 Positions Held by the Directors and Supervisors in Shareholders and Their Competition Interests

As at the end of the Reporting Period, save for that Mr. XIANG Wenwu served as the general manager of the engineering department of Sinopec Group and the general manager of the engineering department of Sinopec Corporation, to the knowledge of the Board, none of the Directors and Supervisors is a director or employee of a company which has an interest in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or holds interests in any other business which competes or is likely to compete, directly or indirectly, with the business of the Group.

4 Contract Benefits of Directors and Supervisors

As at 31 December 2024 or any time during the Reporting Period, there is no transaction, arrangement or contract of significance to which the Company, a parent company of the Company, a subsidiary of the Company or a subsidiary of the Company's parent company is a party, and in which the Directors or Supervisors or any entity connected with any of the Directors or Supervisors is or was materially interested, either directly or indirectly.

All Directors have entered into service agreements with the Company. Such service agreements are effective from the date of approval by the shareholders or from the date of appointment as Directors through democratic election by the employees, to the expiry of the term of the Fifth Session of the Board. The service agreements can be renewed in accordance with the Articles of Association and applicable laws and regulations. There is no service contract signed between the Directors and the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

All Supervisors have entered into agreements with the Company concerning the compliance with relevant laws and regulations, the Articles of Association and arbitration regulations. The term of office for Supervisors starts from the date of their respective appointment to the expiry of the Fifth Session of the Supervisory Committee. The service agreements can be renewed in accordance with the Articles of Association and applicable laws and regulations. There is no service contract signed between the Supervisors and the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

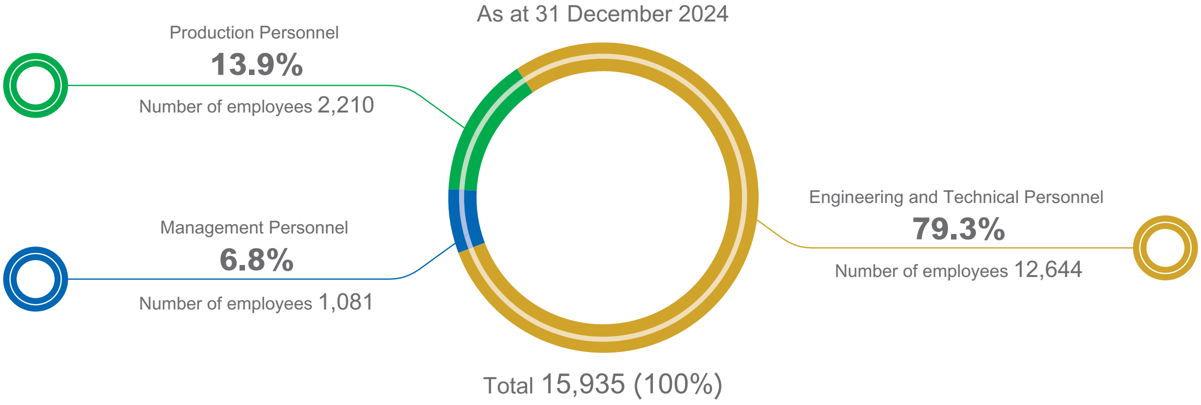
5 Remuneration of Directors, Supervisors and other Senior Management Members

During the Reporting Period, the total number of Directors, Supervisors and other Senior Management members paid by the Company was 22, and the annual total remuneration paid was RMB18 million. For details of the remuneration of Directors, Supervisors and the five highest paid individuals for the year ended 31 December 2024, please see notes 15 and 42(b) to the financial statements in this annual report.

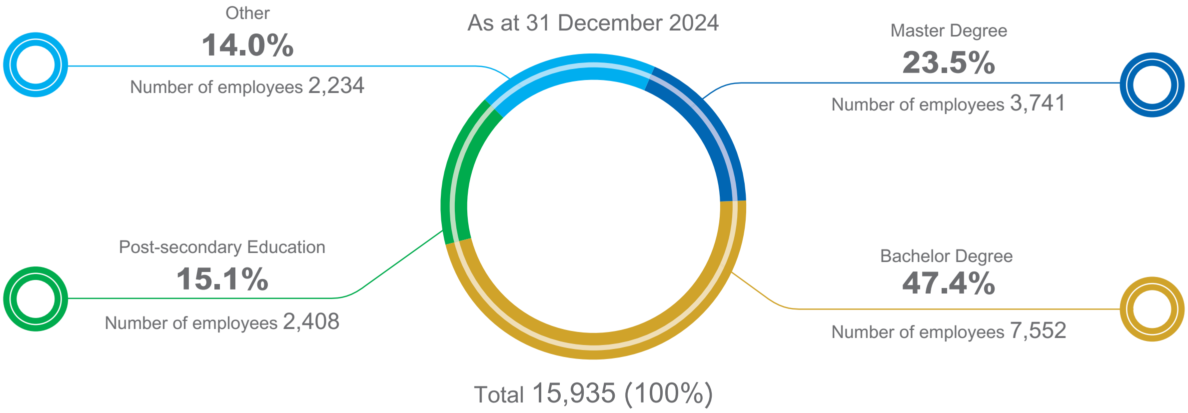
6 Employees

As at 31 December 2024, there were a total of 15,935 employees in the Group.

The following table lists the information of employees classified by business as at 31 December 2024.



The following table lists the information of employees classified based on education background as at 31 December 2024.



7 Gender Diversity of Employees

The table below sets forth the gender ratio of all employees (including senior management) of the Group as at 31 December 2024.

	As at 31 December 2024	
	Number of employees	Percentage of total number of employees (%)
Female	4,337	27.2
Male	11,598	72.8
Total	15,935	100.0

The table below sets forth the gender ratio of senior management of the Group as at 31 December 2024.

	As at 31 December 2024	
	Number of senior management	Percentage of total number of senior management (%)
Female	1	4.2
Male	23	95.8
Total	24	100.0

The Group adheres to the employment principle of "equal treatment and mutual respect", provides equal development opportunities for employees of different genders, and is committed to creating a working environment where employees of different genders cooperate and respect each other. The Group is committed to improving the gender diversity of employees, but due to the unique nature of the engineering and construction industry in which the Group operates, it is more challenging to achieve gender diversity for all employees.

8 Employee Remuneration

During the Reporting Period, we maintained good labour relationships. The remuneration of our employees mainly consists of salary, discretionary bonuses and contributions to the compulsory social security funds. In accordance with the laws and regulations of the PRC, the Group participates in different retirement pension related programmes for our employees, including the programmes organised by the provincial and municipal governments of the PRC and other complementary retirement pension related plans. Bonuses are usually determined in accordance with the overall performance of the Group's business. For the years ended 31 December 2023 and 31 December 2024, the staff costs of the Group were approximately RMB7.109 billion and RMB7.371 billion, respectively.

9 Employee Training Programmes

During the Reporting Period, 25 key special trainings were organised by the Group. Throughout the year, a total of 51 thousand attendees attended the trainings organized in and out of the Group, of which 7.2 thousand attendees were management personnel, 38.3 thousand attendees were engineering and technical personnel, and 5.7 thousand attendees were production personnel.

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SINOPEC ENGINEERING (GROUP) CO., LTD.

(中石化煉化工程(集團)股份有限公司)

(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of SINOPEC Engineering (Group) Co., Ltd. (the "Company") and its subsidiaries (together the "Group") set out on pages 120 to 204, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with Hong Kong Institute of Certified Public Accountants' "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition of construction contracts

(Refer to notes 3.15, 5(a) and 6 to the consolidated financial statements)

The Group recognised revenue of RMB64,198,210,000 for the year ended 31 December 2024.

Revenue from construction contracts is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation, depending on the nature of the contract, is measured by reference to the proportion of contract costs incurred for work performed to date to estimated total contract costs for each contract. Management estimates the total contract revenue and total contract costs at the inception of each contract. As the contract progresses, management regularly reviews and revises the estimates of contract revenue and contract costs if circumstances change, such as variations in contract work, claims and incentive payments. The increases or decreases in estimated total contract revenue or total contract costs resulted in the adjustments to the extent of progress toward completion and revenue recognised in the period in which the circumstances that give rise to the revision becomes known by management.

These transactions require individual consideration and involve management's estimates and judgment. We have identified the revenue recognition related to construction contracts as a key audit matter.

Our responses:

Our procedures in relation to the revenue recognition of construction contracts included:

- assessing and testing the related internal control of the management's accounting estimates and judgment of construction contracts;
- obtaining material construction contracts to review key contract terms and verify the total contract revenues;
- checking, on a sample basis, the principal terms set out in the relevant construction contracts and the implementation status and testing on the accuracy of the calculation of the extent of progress toward completion and revenue and costs recognised during the year;
- testing, on a sample basis, the amount and timing of the construction contract cost recognised and performing cut-off testing procedures to check that cost had been recognised in the appropriate account period; and
- performing analytical review procedures on the gross margins of material construction contracts of the Group.

KEY AUDIT MATTERS (Continued)

Provision for expected credit losses ("ECL") of trade receivables and contract assets

(Refer to notes 3.8(c), 21 and 23(a) to the consolidated financial statements)

ECL for trade receivables and contract assets are based on management's estimate of the lifetime ECL to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgment.

We have identified ECL assessment of trade receivables and contract assets as a key audit matter because their assessment is a subjective area as it requires the management's judgment and uses of estimates.

Our responses:

Our procedures in relation to management's ECL assessment on trade receivables and contract assets included:

– reviewing and assessing the application of the Group's policy for calculating the ECL;

– evaluating techniques and methodology in the ECL model against the requirements of IFRS 9;

– assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgments, including testing the accuracy of the historical default data, evaluating whether the expected credit loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances;

– evaluating the design, implementation and operating effectiveness of key internal controls which govern credit control, debt collection and estimation of ECL; and

– discussing with management the estimates of the recoverable amounts for those material trade receivables balances which are past due over 180 days, including customers' payment history and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

BDO Limited

Certified Public Accountants

Ng Wai Man

Practising Certificate number P05309

Hong Kong, 14 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000 (Restated)
Revenue	6	**64,198,210**	56,353,293
Cost of sales		**(58,861,710)**	(50,712,594)
Gross profit		**5,336,500**	5,640,699
Other income	8	**248,215**	24,725
Selling and marketing expenses		**(177,818)**	(188,759)
Administrative expenses		**(1,343,756)**	(1,355,457)
Research and development costs		**(2,515,106)**	(2,211,106)
Other operating income/(expenses)		**13,609**	(207,019)
Other gains – net	9	**153,569**	39,444
Operating profit		**1,715,213**	1,742,527
Finance income	10	**1,199,790**	1,091,649
Finance expenses	10	**(68,008)**	(72,331)
Finance income – net		**1,131,782**	1,019,318
Share of profit of a joint arrangement	20(a)	**60**	178
Share of profit of associates	20(b)	**4,858**	12,964

	Notes	2024 RMB'000	2023 RMB'000 (Restated)
Profit before taxation	11	**2,851,913**	2,774,987
Income tax expense	12	**(378,187)**	(430,880)
Profit for the year		**2,473,726**	2,344,107
Other comprehensive income for the year, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**14,343**	9,994
Others		**(85)**	–
Item that will not be reclassified subsequently to profit or loss:			
Loss on revaluation of retirement benefit plans obligations, net of income tax effect		**(72,681)**	(35,263)
Fair value change on equity instruments measured at fair value through other comprehensive income		**642**	2,862
Share of associates' other comprehensive (expense)/income		**(66)**	244
Other comprehensive expense for the year, net of tax		**(57,847)**	(22,163)
Total comprehensive income for the year		**2,415,879**	2,321,944
Profit attributable to:			
Equity holders of the Company		**2,465,727**	2,336,743
Non-controlling interests		**7,999**	7,364
Profit for the year		**2,473,726**	2,344,107
Total comprehensive income attributable to:			
Equity holders of the Company		**2,407,880**	2,314,580
Non-controlling interests		**7,999**	7,364
Total comprehensive income for the year		**2,415,879**	2,321,944
		RMB	RMB
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)			
– Basic and diluted	13	**0.56**	0.53

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000 (Restated)	As at 1 January 2023 RMB'000 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	17	**4,557,288**	4,809,062	4,664,664
Right-of-use assets	18	**2,327,048**	2,227,712	2,259,678
Intangible assets	19	**182,553**	177,276	192,177
Investment in joint arrangements	20(a)	**23,651**	4,026	3,847
Investments in associates	20(b)	**–**	143,174	139,065
Financial assets at fair value through other comprehensive income	25	**254,123**	252,862	250,000
Deferred income tax assets	38	**702,938**	753,607	770,055
Total non-current assets		**8,047,601**	8,367,719	8,279,486
Current assets				
Inventories	24	**536,915**	472,853	757,497
Notes and trade receivables	21	**8,419,134**	7,505,843	8,623,577
Prepayments and other receivables	22	**10,966,998**	9,254,520	6,698,048
Contract assets	23(a)	**11,409,353**	9,970,557	9,828,683
Loans due from the ultimate holding company	26	**20,500,000**	20,500,000	20,500,000
Restricted cash	27	**230,148**	90,394	82,916
Time deposits	28	**9,963,265**	12,014,538	9,053,681
Cash and cash equivalents	29	**11,439,925**	12,913,308	15,013,728
Total current assets		**73,465,738**	72,722,013	70,558,130
Total assets		**81,513,339**	81,089,732	78,837,616

	Notes	As at 31 December 2024	As at 31 December 2023	As at 1 January 2023
		RMB'000	RMB'000	RMB'000
			(Restated)	(Restated)
Equity				
Share capital	30	**4,397,881**	4,418,544	4,428,000
Reserves		**27,114,182**	26,439,817	25,618,432
Equity attributable to equity holders of the Company		**31,512,063**	30,858,361	30,046,432
Non-controlling interests		**69,422**	58,662	52,989
Total equity		**31,581,485**	30,917,023	30,099,421
LIABILITIES				
Non-current liabilities				
Lease liabilities	32	**252,336**	114,406	66,557
Loan due to a fellow subsidiary	37	**40,813**	21,461	–
Retirement and other supplemental benefit obligations	33	**1,782,034**	1,821,196	1,913,763
Provision for litigation claims	34	**–**	191,681	184,271
Deferred tax liabilities	38	**2,627**	2,469	5,547
Total non-current liabilities		**2,077,810**	2,151,213	2,170,138
Current liabilities				
Notes and trade payables	35	**22,029,975**	19,828,447	19,837,150
Other payables	36	**2,866,292**	2,827,166	3,104,295
Loan due to a fellow subsidiary	37	**109,264**	80,702	148,103
Contract liabilities	23(b)	**22,221,119**	24,760,910	22,959,297
Lease liabilities	32	**169,920**	38,322	62,254
Current income tax liabilities		**457,474**	485,949	456,958
Total current liabilities		**47,854,044**	48,021,496	46,568,057
Total liabilities		**49,931,854**	50,172,709	48,738,195
Total equity and liabilities		**81,513,339**	81,089,732	78,837,616
Net current assets		**25,611,694**	24,700,517	23,990,073
Total assets less current liabilities		**33,659,295**	33,068,236	32,269,559

On behalf of the directors

JIANG Dejun	**ZHANG Xinming**	**YIN Fengbing**
Chairman of the Board	*Director, President*	*Chief Financial Officer*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to equity shareholders of the Company									
	Share capital	Capital reserve	Statutory surplus reserve	Specific reserve	Exchange translation reserve	Merger reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000 (Note 30)	RMB'000 (Note 31(v))	RMB'000 (Note 31(iv))	RMB'000 (Note 31(vi))	RMB'000 (Note 31(vii))	RMB'000 (Note 31(viii))	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	4,418,544	10,062,346	1,815,822	181,168	1,949	–	14,362,314	30,842,143	5,572	30,847,715
Effect of adopting merger accounting for common control combination	–	805	–	2	–	–	15,411	16,218	53,090	69,308
At 1 January 2024 (restated)	4,418,544	10,063,151	1,815,822	181,170	1,949	–	14,377,725	30,858,361	58,662	30,917,023
Profit for the year	–	–	–	–	–	–	2,465,727	2,465,727	7,999	2,473,726
Other comprehensive income:										
Defined benefits obligation revaluation of actuarial gain and loss – gross	–	–	–	–	–	–	(85,509)	(85,509)	–	(85,509)
Defined benefits obligation revaluation of actuarial gain and loss – tax	–	–	–	–	–	–	12,828	12,828	–	12,828
Exchange differences arising on translation of foreign operations	–	–	–	–	14,343	–	–	14,343	–	14,343
Gain on equity instruments measured at fair value through other comprehensive income	–	–	–	–	–	–	642	642	–	642
Share of associates' other comprehensive income	–	–	–	–	–	–	(66)	(66)	–	(66)
Others	–	–	–	–	–	–	(85)	(85)	–	(85)
Total comprehensive income	–	–	–	–	14,343	–	2,393,537	2,407,880	7,999	2,415,879
Transactions with owners:										
Final dividends for 2023 (Note 14)	–	–	–	–	–	–	(1,646,693)	(1,646,693)	–	(1,646,693)
Interim dividends for 2024 (Note 14)	–	–	–	–	–	–	–	–	–	–
Merger reserves arising from common control combination	–	–	–	–	–	(22,100)	–	(22,100)	–	(22,100)
Others	–	(6,616)	–	–	–	–	–	(6,616)	–	(6,616)
Appropriation of specific reserve	–	–	–	512,329	–	–	(512,329)	–	74	74
Utilisation of specific reserve	–	–	–	(489,238)	–	–	489,238	–	(13)	(13)
Appropriation of statutory surplus reserve	–	–	172,125	–	–	–	(172,125)	–	–	–
Increase in investment	–	–	–	–	–	–	–	–	2,700	2,700
Repurchase of shares	(20,663)	(58,106)	–	–	–	–	–	(78,769)	–	(78,769)
Total transactions with owners	(20,663)	(64,722)	172,125	23,091	–	(22,100)	(1,841,909)	(1,754,178)	2,761	(1,751,417)
At 31 December 2024	4,397,881	9,998,429	1,987,947	204,261	16,292	(22,100)	14,929,353	31,512,063	69,422	31,581,485

	Attributable to equity shareholders of the Company									
	Share capital	Capital reserve	Statutory surplus reserve	Specific reserve	Exchange translation reserve	Merger reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000 (Note 30)	RMB'000 (Note 31(v))	RMB'000 (Note 31(iv))	RMB'000 (Note 31(vi))	RMB'000 (Note 31(vii))	RMB'000 (Note 31(viii))	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2022	4,428,000	10,098,729	1,632,788	185,417	(8,045)	–	13,697,319	30,034,208	5,303	30,039,511
Net effect of change of accounting standard (note 3.1)	–	–	–	–	–	–	(2,696)	(2,696)	(23)	(2,719)
At 1 January 2023 (restated)	4,428,000	10,098,729	1,632,788	185,417	(8,045)	–	13,694,623	30,031,512	5,280	30,036,792
Effect of adopting merger accounting for common control combination	–	805	–	2	–	–	14,113	14,920	47,709	62,629
At 1 January 2023 (restated)	4,428,000	10,099,534	1,632,788	185,419	(8,045)	–	13,708,736	30,046,432	52,989	30,099,421
Profit for the year	–	–	–	–	–	–	2,336,743	2,336,743	7,364	2,344,107
Other comprehensive income:										
Defined benefits obligation revaluation of actuarial gain and loss – gross	–	–	–	–	–	–	(41,956)	(41,956)	–	(41,956)
Defined benefits obligation revaluation of actuarial gain and loss – tax	–	–	–	–	–	–	6,693	6,693	–	6,693
Exchange differences arising on translation of foreign operations	–	–	–	–	9,994	–	–	9,994	–	9,994
Gain on equity instruments measured at fair value through other comprehensive income	–	–	–	–	–	–	2,862	2,862	–	2,862
Share of associates' other comprehensive income	–	–	–	–	–	–	244	244	–	244
Total comprehensive income	–	–	–	–	9,994	–	2,304,586	2,314,580	7,364	2,321,944
Transactions with owners:										
Final dividends for 2022 (Note 14)	–	–	–	–	–	–	(929,880)	(929,880)	(1,750)	(931,630)
Interim dividends for 2023 (Note 14)	–	–	–	–	–	–	(526,932)	(526,932)	–	(526,932)
Appropriation of specific reserve	–	–	–	269,486	–	–	(269,486)	–	86	86
Utilisation of specific reserve	–	–	–	(273,735)	–	–	273,735	–	(27)	(27)
Appropriation of statutory surplus reserve	–	–	183,034	–	–	–	(183,034)	–	–	–
Repurchase of shares	(9,456)	(36,383)	–	–	–	–	–	(45,839)	–	(45,839)
Total transactions with owners	(9,456)	(36,383)	183,034	(4,249)	–	–	(1,635,597)	(1,502,651)	(1,691)	(1,504,342)
At 31 December 2023 (restated)	4,418,544	10,063,151	1,815,822	181,170	1,949	–	14,377,725	30,858,361	58,662	30,917,023

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000 (Restated)
Cash flows from operating activities			
Cash (used in)/generated from operations	40	**(2,470,054)**	2,592,085
Income tax paid		**(379,713)**	(390,903)
Interest received		**638,853**	335,675
Net cash (used in)/generated from operating activities		**(2,210,914)**	2,536,857
Cash flows from investing activities			
Purchase of property, plant and equipment		**(305,233)**	(368,541)
Purchase of intangible assets		**(48,494)**	(27,695)
Interest income on the loans to the ultimate holding company		**596,922**	642,949
Proceeds from disposal of property, plant and equipment		**90,144**	42,728
Proceeds from disposal of associate		**131,215**	–
Joint ventures capital contribution		**(19,565)**	–
Dividends received from associates		**31,640**	5,460
Net decrease/(increase) in time deposits		**2,051,273**	(2,960,857)
Loans to ultimate holding company		**(20,500,000)**	(20,500,000)
Loans repaid by ultimate holding company		**20,500,000**	20,500,000
Net cash generated from/(used in) investing activities		**2,527,902**	(2,665,956)
Cash flows from financing activities	44		
Repayment of borrowings from a fellow subsidiary		**(84,038)**	(91,271)
New loan raised		**130,449**	41,445
Capital injection received		**2,700**	–
Interest paid		**(7,148)**	(8,560)
Dividends paid		**(1,596,309)**	(1,423,074)
Payments of lease liabilities		**(62,109)**	(86,740)
Payment on repurchase of shares		**(81,841)**	(62,132)
Net cash used in financing activities		**(1,698,296)**	(1,630,332)
Net decrease in cash and cash equivalents		**(1,381,308)**	(1,759,431)
Cash and cash equivalents at beginning of year		**12,913,308**	15,013,728
Exchange difference on cash and cash equivalents		**(92,075)**	(340,989)
Cash and cash equivalents at end of year	29	**11,439,925**	12,913,308

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2024

1. General Information

1.1 Principal activities

SINOPEC Engineering (Group) Co., Ltd. (中石化煉化工程(集團)股份有限公司, the "Company") and its subsidiaries (together, the "Group") is principally engaged locally and overseas in (1) engineering, consulting and licensing, (2) EPC Contracting, (3) construction and (4) equipment manufacturing in respect of oil refining, petrochemical engineering, storage and transportation etc.

1.2 Organisation and reorganisation

The Company was established as a company with limited liability under the name of Sinopec Engineering Co., Ltd (中國石化集團煉化工程有限公司) in the People's Republic of China (the "PRC") on 24 July 2007 under the Company Law of the PRC. The address of the Company's registered office is 6 to 9th floor, No. 1 building, A67, Ande Road, Xicheng District, Beijing, PRC.

The directors of the Company (the "Directors") regard China Petrochemical Corporation (中國石油化工集團有限公司, "Sinopec Group") as being the ultimate holding company of the Group, which is owned and controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

Pursuant to a reorganisation of engineering, consulting and licensing, EPC Contracting, construction and equipment manufacturing in respect of oil refining, petrochemical engineering, storage and transportation of Sinopec Group in preparation for the primary listing (the "Listing") of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") ("the Reorganisation"), Sinopec Group transferred the equity interests of its refining and engineering entities to the Company and the Company became the holding company of the subsidiaries now comprising the Group. Subsequent to the above reorganisation transactions which were completed in April 2012, the Company was transformed into a joint stock company with limited liability and renamed as SINOPEC Engineering (Group) Co., Ltd. (中石化煉化工程(集團)股份有限公司) on 28 August 2012.

The Company has completed its listing on the Main Board of the Hong Kong Stock Exchange on 23 May 2013.

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

The consolidated financial statements have been approved for issue by the Board of Directors on 14 March 2025.

2. Basis of Preparation

The consolidated financial statements have been prepared in accordance with all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations (hereinafter collectively referred to as the "IFRS Accounting Standards") issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair values as explained in the accounting policies set out below.

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

3. Material Accounting Policy Information

3.1 New standards, interpretations and amendments adopted from 1 January 2024

The following amendments are effective for the period beginning 1 January 2024:

- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases)

These amendments to various IFRS Accounting Standards are mandatorily effective for reporting periods beginning on or after 1 January 2024. See the applicable notes for further details on how the amendments affected the Group.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements

The Group has adopted the amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures titled Supplier Finance Arrangements for the first time in the current year.

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The amendments contain specific transition provisions for the first annual reporting period in which the Group applies the amendments. Under the transitional provisions an entity is not required to disclose:

- comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those amendments
- the information otherwise required by IAS 7:44H(b)(ii)–(iii) as at the beginning of the annual reporting period in which the entity first applies those amendments.

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

The Group has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year.

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

3. Material Accounting Policy Information (Continued)

3.1 New standards, interpretations and amendments adopted from 1 January 2024 (Continued)

Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants

The Group has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year.

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

The Group has adopted the amendments to IFRS 16 for the first time in the current year.

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15 is a lease liability.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

3. Material Accounting Policy Information (Continued)

3.2 New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2025:

- The Effects of Changes in Foreign Exchange Rates (Amendments to IAS 21)

The following amendments are effective for the period beginning 1 January 2026:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Contracts Referencing Nature dependent Electricity (Amendments to IFRS 9 and IFRS 7)

The following amendments are effective for the period beginning 1 January 2027:

- IFRS 18 Presentation and Disclosures in Financial Statements
- IFRS 19 Subsidiaries without Public Accountability: Disclosures

The Group is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability. The Group does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the Group.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosures are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group’s financial statements. Based on preliminary assessment, the line items presented in the primary financial statements might change as a result of the application of the concept of “useful structured summary” and the enhanced principles on aggregation and disaggregation. The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. Moreover, there will be significant new disclosures required for management-defined performance measures.

IFRS 18 is effective for annual periods beginning on or after 1 January 2027. Retrospective application is required and so the comparative information for the financial year ending 31 December 2026 will be restated in the accordance with IFRS 18.

3. Material Accounting Policy Information (Continued)

3.3 Consolidation

Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that the Group ceases control.

In the statement of financial position of the Company, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

Inter-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss (Note 3.7).

The Group's shares of its associates' post-acquisition profits or losses is recognised in the profit or loss and its share of post-acquisition movements in other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amounts of the investments. When the Group's share of losses in an associate equals or exceeds its interest in that associate (which includes any other unsecured receivables that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Where unrealised losses on assets sales between the Group and its associate are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's prospective. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. Material Accounting Policy Information (Continued)

3.4 Foreign currency translation

Functional currency and presentation currency

Items included in the individual financial statements of each of the entities within the Group are measured using the currency of the primary economic environment in which the entity operates (their "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional currency.

Transactions and balances

Foreign currency transactions are translated into the presentation currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents and all other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within "other gains – net" and "other operating expenses".

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date).

3.5 Property, plant and equipment

Property, plant and equipment, except for construction-in-progress ("CIP"), are stated at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditures that are directly attributable to the acquisition of the items, including the purchase price, import duties, non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings and other facilities	12 – 40 years
Machinery, transportation equipment and other equipment	4 – 30 years

CIP represents buildings and plant under construction and is stated at cost less accumulated impairment loss. Cost includes costs of construction of buildings, cost of plant and other direct costs. No depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to the relevant asset categories and depreciated in accordance with the policy as stated above.

The estimates of assets' residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.7).

Gains or losses on disposals are determined by comparing the proceeds on disposal with the carrying amount and are included within "other gains – net" in the consolidated statement of profit or loss and other comprehensive income.

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

3. Material Accounting Policy Information (Continued)

3.6 Intangible assets

Computer software

Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. These costs are amortised over their estimated useful lives of 5 years and recorded in "depreciation and amortisation" within administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

Amortisation methods and useful lives are reviewed and adjusted if appropriates, at each reporting period.

3.7 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Property, plant and equipment, intangible assets and interest in associate and joint venture that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised at each reporting date.

3.8 Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when the Group becomes a party to the contractual provision of the financial instrument. Financial assets and financial liabilities are initially measured at fair value.

A financial asset or financial liability (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income. A trade receivable without a significant financing component is initially measured at the transaction price.

(a) Classification and measurement of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVTOCI") – debt investment; FVTOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

(i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

(ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Material Accounting Policy Information (Continued)

3.8 Financial instruments (Continued)

(a) Classification and measurement of financial assets (Continued)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

Notes and trade receivables, other receivables, loans due from the ultimate holding company, restricted cash, time deposits and cash and cash equivalents are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the profit or loss. Any gain or loss on derecognition is recognised in the profit or loss.

Financial assets at FVTOCI

They are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the fair value reserve (non-recycling); and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments and will continue to be held in the fair value reserve (non-recycling).

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(b) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

3. Material Accounting Policy Information (Continued)

3.8 Financial instruments (Continued)

(c) Impairment of financial assets

The Group recognises loss allowances for ECL on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECL. For trade receivables and contract assets, the Group applies the simplified approach to providing for ECL prescribed by IFRS 9, which requires the use of the lifetime expected losses provision for all trade receivables. The Group determines the ECL on these items by using a provision matrix, estimated based on historical credit losses experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECL

The Group assesses on a forward-looking basis the ECL associated with its debt instruments carried at amortised cost. ECL are a probability-weighted estimation of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

The Group has the following types of assets that are subject to IFRS 9's new ECL model:

- notes and trade receivables
- contract assets
- cash and cash equivalents
- restricted cash
- time deposits
- loans due from the ultimate holding company
- other receivables

While cash and cash equivalents, restricted cash, time deposits, and loans due from the ultimate holding company are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

For trade receivables and contract assets with no significant financing component, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables and contract assets with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

3. Material Accounting Policy Information (Continued)

3.8 Financial instruments (Continued)

(c) Impairment of financial assets (Continued)

Measurement of ECL (Continued)

Impairment on other financial assets measured at amortised cost are measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL.

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

The Group assesses on in particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indication of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in profit or loss.

Credit-impaired financial assets

At each reporting date, the Group assesses on a forward-looking basis whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

(i) significant financial difficulty of the borrower or issuer;

(ii) a breach of contract such as a default or past due event;

(iii) the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

(iv) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(v) the disappearance of an active market for a security because of financial difficulties.

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

3. Material Accounting Policy Information (Continued)

3.8 Financial instruments (Continued)

(c) Impairment of financial assets (Continued)

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due, taking into account legal advice where appropriate.

A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(d) Classification and measurement of financial liabilities

The Group's financial liabilities include notes and trade payables, other payables, loan due to a fellow subsidiary and lease liabilities. Financial liabilities (other than lease liabilities) are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the profit or loss. Other financial liabilities (other than lease liabilities) are subsequently measured at amortised cost using the effective interest method, in the case of loans and borrowings, net of directly attributable transaction costs. Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gain or loss on derecognition is also recognised in the profit or loss. Accounting policies of lease liabilities are set out in note 3.21.

(e) Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the profit or loss.

(f) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS Accounting Standards, or for gains and losses arising from a group of similar transactions.

3.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are expensed to relevant operating expenses when used, sold or capitalised to property, plant and equipment when installed, as appropriate, using moving weighted average method. The cost of finished goods and work-in-progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

3. Material Accounting Policy Information (Continued)

3.10 Payables

Payables primarily include notes and trade payables and other payables and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.11 Employee benefits

Pension obligations

The full-time employees of the Group in the PRC are covered by various government-sponsored pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these retired employees. The Group contributes on a monthly basis to these pension plans. Under these plans, the Group has no obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

The Group also provides supplementary pension subsidies to certain employees in the PRC. Such supplementary pension subsidies are considered to be defined benefit plans as the Group is obligated to provide post-employment benefits to these employees. The liability recognised in the consolidated statement of financial position in respect of these defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method. Net interests are recognised to the profit or loss and are calculated by the discount rate, which is determined by reference to the market yields of the high-quality government bonds at the end of the reporting period, multiplied the net defined benefit liabilities or assets at each of the beginning of the reporting period. The differences between the actual return on plan assets and with the passage of time in the plan assets are recognised in other comprehensive income.

The Group has various defined contribution plans in accordance with the local conditions and practices in the municipalities and provinces in which they operate. Defined contribution plans are pension and/or other social benefit plans under which the Group pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The contributions are recognised as labour costs when they are due.

Other post-employment obligations

Some of the companies comprising the Group provide post-retirement medical benefits to their retired employees. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. These obligations are valued annually by independent qualified actuaries.

Termination and early retirement benefits

Termination and early retirement benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination and early retirement benefits when it is demonstrably committed to either: (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy. The specific terms vary among the terminated and early retired employees depending on various factors including position, length of service and district of the employee concerned. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present contractual or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

3. Material Accounting Policy Information (Continued)

3.12 Taxation

Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax rates and tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, a joint arrangement and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and deferred income tax liabilities are offset when meeting all the conditions below:

- The Group has the legally enforceable right to settle current income tax assets and current income tax liabilities; and
- The deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Value-added taxation (“VAT”)

Sales of goods and provision of engineering, consulting and licensing services of the Group are subjected to VAT. VAT payable is determined by applying 13% or 6% on the taxable revenue arising from sales of goods and provision of engineering, consulting and licensing service in certain regions after offsetting deductible input VAT of the period.

Taxable revenue from construction services is subject to VAT at the rate of 9% after offsetting deductible input VAT. Certain revenue resulting from providing construction services was taxed by using applicable simple tax method, paying VAT at 3%.

3. Material Accounting Policy Information (Continued)

3.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3.14 Contract assets and contract liabilities

The contract asset is the Group's right to consideration in the exchange for services that the Group has transferred to customer. The contract assets transferred to trade receivables when receipt of the consideration is conditional only on the passage of time.

The Group expects that contract assets have the same risk characteristics as trade receivables. The ECL assessment of contract assets in accordance with the accounting policy set out in Note 3.8.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

3.15 Revenue recognition

The Group's revenue and other income recognition policies are as follows:

Revenue from construction and service contracts

According to the nature of the contracts, the stage of contract completion is based on that the customer is able to control goods in progress during the Group's performance, revenue on construction contracts is recognised based on the Group's efforts or input to the satisfaction of the performance obligation over time. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services. Variations in contract work are recognised as contract revenue to the extent that the modification has been approved by the parties to the contracts and it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

Services rendered

Revenue for services rendered mainly includes technological development, engineering, consultation and supervision is recognised over time when services are rendered.

3. Material Accounting Policy Information (Continued)

3.15 Revenue recognition (Continued)

Sales of products

Revenue from sales of products is recognised when i) control of the products has transferred, being when the products are delivered to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products; and ii) collectability of the related receivables is reasonably assured. No contract liability and right to the returned goods are recognised as insignificant amount of returns are expected based on previous experience.

Dividend income

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

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

3.16 Leases

(a) The Group as a lessor

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

The Group also earns rental income from operating leases. Rental income is recognised on a straight-line basis over the term of the lease.

3.17 Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented.

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

4. Financial and Capital Risks Management

The Group works out general principles for overall risk management, including management of financial risks, as well as management policies covering specific areas. In considering the importance of risks, the Group identifies and evaluates risks at head office and individual subsidiary level and requires analysis and proper communication for the information collected periodically.

4.1 Financial risk management

The activities of the Group expose them to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The overall risk management program of the Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance of the Group.

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

	2024 RMB'000	2023 RMB'000 (Restated)
Financial assets		
Financial assets at amortised cost		
Notes, trade and other receivables	**10,127,018**	8,966,171
Restricted cash	**230,148**	90,394
Time deposits	**9,963,265**	12,014,538
Cash and cash equivalents	**11,439,925**	12,913,308
Loans due from the ultimate holding company	**20,500,000**	20,500,000
Financial assets at FVTOCI		
Fair value through other comprehensive income investments	**254,123**	252,862
Total financial assets	**52,514,479**	54,737,273
Financial liabilities		
Financial liabilities measured at amortised cost		
Notes, trade and other payables	**24,300,636**	22,081,288
Loan due to a fellow subsidiary – current	**109,264**	80,702
Lease liabilities	**422,256**	152,728
Loan due to a fellow subsidiary – non-current	**40,813**	21,461
Total financial liabilities	**24,872,969**	22,336,179

4. Financial And Capital Risks Management (Continued)

4.1 Financial risk management (Continued)

(a) Market risk

Foreign exchange risk

The functional currency of the entities within the Group is RMB and most of the transactions are settled in RMB.

The Group carries out operations outside the PRC where transactions are usually denominated in the United States Dollars ("USD") which are translated into RMB at the prevailing exchange rates on the dates of the transactions.

The Group is exposed to currency risk primarily through provision of engineering contracting services which give rise to notes, trade and other receivables, notes, trade and other payables, restricted cash, time deposits and cash and cash equivalents that are denominated in a foreign currency. The currency that gives rise to this risk is primarily in USD as at 31 December 2024 and 31 December 2023.

On the other hand, RMB is not a freely convertible currency and the PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. Changes in the foreign exchange control system may prevent the Group from satisfying sufficient foreign currency demands.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than RMB to which they relate.

	USD	Others
At 31 December 2024	**RMB'000**	**RMB'000**
Restricted cash, time deposits and cash and cash equivalents	**3,071,629**	**2,547,053**
Notes, trade and other receivables	**433,135**	**1,582,882**
Notes, trade and other payables	**(368,598)**	**(2,725,122)**
Loans due to a fellow subsidiary – current	**(109,264)**	**–**
Lease liabilities	**(596)**	**(56,243)**
Net exposure in RMB	**3,026,306**	**1,348,570**

	USD	Others
At 31 December 2023 (Restated)	RMB'000	RMB'000
Restricted cash, time deposits and cash and cash equivalents	2,759,539	3,114,446
Notes, trade and other receivables	188,434	651,072
Notes, trade and other payables	(120,373)	(1,813,288)
Loan due to a fellow subsidiary – current	(68,702)	–
Lease liabilities	(1,481)	(24,770)
Net exposure in RMB	2,757,417	1,927,460

4. Financial And Capital Risks Management (Continued)

4.1 Financial risk management (Continued)

(a) Market risk (Continued)

Foreign exchange risk (Continued)

A 5% strengthening of RMB against the USD as at 31 December 2024 and 31 December 2023 would have changed the equity and net profit by the amounts shown below:

	2024	2023
	RMB'000	RMB'000
		(Restated)
Decrease in equity and net profit		
– USD	**(113,486)**	(103,403)

A 5% weakening of RMB as at 31 December 2024 and 31 December 2023 would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next annual reporting period. The analysis is performed on the same basis at the relevant period.

Interest rate risk

The Group's ordinary income and operating cash flows are substantially independent of changes in market interest rates. The interests arise from the borrowing, the loans between the Group and the ultimate holding company and time deposits are mainly based on fixed interest rate.

Price risk

The Group is not exposed to equity securities price risk because the Group's equity securities investments are classified as financial assets at FVTOCI which are stated at fair value.

(b) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from restricted cash, time deposit, cash and cash equivalent, notes, trade and other receivables, contract assets and loans due from the ultimate holding company.

In order to minimise credit risk, the Group has developed and maintained the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is based on the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

For financial assets measured at amortised cost and contract assets, the exposures to credit risk are monitored such that any outstanding debtors are reviewed and followed up on an ongoing basis. In the opinion of the Directors, the Group has no significant concentration of credit risk arising from its ordinary course of business due to its large customer base. The Group does not hold any collateral from its debtors.

4. Financial and Capital Risks Management (Continued)

4.1 Financial risk management (Continued)

(b) Credit risk (Continued)

Impairment assessment under ECL model

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
In default	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

Trade receivables and contract assets

As set out in Note 3.8, the Group assesses ECL under IFRS 9 on trade receivables and contract assets based on provision matrix, the expected loss rates are based on the payment profile for sales in the past 5 years as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed.

Based on the Group's assessment of historical credit loss experience of the existing debtors and all available forward looking information, for trade receivables and contract assets, the Group used estimated loss rates based on aging for classes with different credit risk characteristics and exposures.

Other receivables

The Group measures the loss allowance equal to 12-month ECL of other receivables. For those balances expected to have significant increase in credit risk since initial recognition, the Group apply lifetime ECL based on aging for classes with different credit risk characteristics and exposures.

Restricted cash, time deposits and cash and cash equivalents

Restricted cash, time deposits and cash and cash equivalents are placed at financial institutions that have sound credit ratings assigned by international credit-rating agencies and the Group considers the credit risk to be insignificant.

Loans due from the ultimate holding company

The 12-month ECL calculated by the Group is not significant and there has been no significant increase in credit risk since initial recognition.

4. Financial and Capital Risks Management (Continued)

4.1 Financial risk management (Continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors the cash flow forecasts of the Group in meeting its liabilities.

The table below analyses the Group's non-derivative financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Weighted average effective interest rate	Within 1 year	1-2 years	2-5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2024							
Notes, trade and other payables	N/A	24,300,636	–	–	–	24,300,636	24,300,636
Loan due to a fellow subsidiary – current	6.22%	109,264	–	–	–	109,264	109,264
Lease liabilities	4.75%	177,370	155,173	79,134	48,428	460,105	422,256
Loan due to a fellow subsidiary – non-current	2.69%	–	11,512	29,301	–	40,813	40,813
Total other liabilities		24,587,270	166,685	108,435	48,428	24,910,818	24,872,969

	Weighted average effective interest rate	Within 1 year	1-2 years	2-5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023							
Notes, trade and other payables	N/A	22,081,288	–	–	–	22,081,288	22,081,288
Loan due to a fellow subsidiary – current	5.25%	80,702	–	–	–	80,702	80,702
Lease liabilities	4.78%	42,651	28,966	52,293	57,923	181,833	152,728
Loan due to a fellow subsidiary – non-current	3.15%	–	–	21,461	–	21,461	21,461
Total other liabilities		22,204,641	28,966	73,754	57,923	22,365,284	22,336,179

4. Financial and Capital Risks Management (Continued)

4.2 Capital risk management

The objectives of the Group when managing capital are to safeguard the ability of the Group in continuing as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debts.

The Group monitors their capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debts are calculated as other liabilities (including notes and trade payables, other payables, loan due to a fellow subsidiary and lease liabilities, as shown in the consolidated statement of financial position) less restricted cash, time deposits and cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debts less non-controlling interests.

	2024	2023
	RMB'000	RMB'000
		(Restated)
Total other liabilities	**24,872,969**	22,336,179
Less: Restricted cash, time deposits and cash and cash equivalents	**(21,633,338)**	(25,018,240)
Net debt	**3,239,631**	(2,682,061)
Total equity (excluding non-controlling interests)	**31,512,063**	30,858,361
Total capital	**34,751,694**	28,176,300
Gearing ratio	**N/A**	N/A

4.3 Fair value measurement of financial instruments

Fair value measurements

Apart from the below mentioned, the carrying amounts of the Group's financial assets and financial liabilities as re-elected in the consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group discloses fair value measurements of financial instruments by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs) (level 3)

5. Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes accounting estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Construction contracts

Revenue from individual contracts is recognised according to progress of the project. The determination of the progress of the construction service involves judgments. According to the nature of contract, the Group recognises revenue by reference to the stage of completion of the contract activity at the end of the reporting period as measured by the proportion that the actual costs incurred relative to the estimated total costs for satisfaction of the construction services. In addition, when determining the transaction price, the Group consider factors such as whether there is any financing component. The Group considers whether the payment schedule is commensurate with the Group's performance and whether the delayed payment is for finance purpose. The Group does not consider the arrangement with customers have significant financing component. The Group has, therefore, recognised revenue on progress confirmation over the period during which the services are rendered and transferred to customers. As at 31 December 2024 the contract assets (Note 23(a)) and contract liabilities (Note 23(b)) are RMB11,409,353,000 (31 December 2023: RMB9,970,557,000) and RMB22,221,119,000 (31 December 2023: RMB24,760,910,000) respectively.

(b) Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment (Note 17). This estimate is based on projected wear and tear incurred during the useful life of property, plant and equipment. This could change significantly as a result of technical renovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives or residual values vary with previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. As at 31 December 2024, the net carrying amount of property, plant and equipment is RMB4,557,288,000 (31 December 2023: RMB4,809,062,000).

(c) Provision for ECL of trade receivables and contract assets

The Group determines the provision for ECL on trade receivables (Note 21) and contract assets (Note 23(a)). This estimate is based on the credit history of the customers and the current market condition and forward-looking information. Management reassesses the adequacy of provision on a regular basis by reviewing the individual account based on past credit history and any prior knowledge of debtor insolvency or other credit risk which might not be easily accessible public information and market volatility might bear a significant impact which might not be easily ascertained. As at 31 December 2024, the provision for impairment on trade receivables and contract assets are RMB2,309,309,000 (31 December 2023: RMB2,302,776,000) and RMB548,208,000 (31 December 2023: RMB662,374,000) respectively.

(d) Deferred taxes

The estimates of deferred income tax assets (Note 38) require estimates over future taxable profit and corresponding applicable income tax rates of respective years. The change in future income tax rates and timing would affect income tax expense or benefit, as well as deferred income tax balance. The realisation of deferred income tax assets also depends on the realisation of sufficient profitability (taxable profit) of the Group. Deviation of future profitability from the estimate could result in material adjustments to the carrying amount of deferred income tax assets. Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and taxation in the years in which such estimates are changed. As at 31 December 2024, deferred tax assets recognised in the consolidated statement of financial position is RMB702,938,000 (31 December 2023: RMB753,607,000).

5. Critical Accounting Estimates and Judgments (Continued)

(e) Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for provisions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of corporate securities which have maturity approximating to the terms of the related pension liability. Other key assumptions for pension obligations are based on current market conditions. As at 31 December 2024, the net liabilities of retirement benefit plan obligations (Note 33(b)) is RMB1,782,034,000 (31 December 2023: RMB1,821,196,000).

6. Revenue

The Group's revenue is set out below:

	2024	2023
	RMB'000	RMB'000
		(Restated)
Engineering, consulting and licensing	3,974,028	3,638,978
EPC Contracting	37,998,934	32,119,890
Construction	21,847,167	20,226,938
Equipment manufacturing	378,081	367,487
	64,198,210	56,353,293

7. Segment Information

Management has determined the operating segments based on the reports reviewed by the Senior Management that are used to make strategic decisions.

The Senior Management considers the business from a product and service perspective, which mainly includes four reportable operating segments:

(i) Engineering, consulting and licensing – providing design, consulting, research and development, feasibility studies, compliance certification services to oil refining and chemical etc industries;

(ii) EPC Contracting – providing integrated engineering, procurement, construction, maintenance and project management services to oil refining and chemical etc industries;

(iii) Construction – providing infrastructure for oil refining and chemical etc industries, oil and gas storage, pipelines transportation, construction, renovation, expansion, repair and maintenance services and large equipment lifting and transportation services in construction projects; and

(iv) Equipment manufacturing – providing design, development, manufacture and sales of equipment and spare parts for facilities including oil refining and chemical facilities.

Inter-segment sales were conducted at prices no less than cost and with terms mutually agreed among those business segments. Operating expenses of a functional unit are allocated to the relevant segment which is the predominant user of the services provided by the unit. Operating expenses of other shared services which cannot be allocated to a specific segment and corporate expenses are included as unallocated costs.

7. Segment Information (Continued)

Segment assets consist primarily of property, plant and equipment, rights of use assets, construction in progress, intangible assets, investment in a joint arrangement and investment in associates, other non-current assets, inventories, notes and trade receivables, prepayments and other receivables, restricted cash and cash and cash equivalents. Unallocated assets comprise items such as some of the time deposits, cash and cash equivalents, loans due from the ultimate holding company, deferred income tax assets and other unallocated assets.

Segment liabilities comprise operating liabilities.

Capital expenditure comprises additions to property, plant and equipment (Note 17), right-of-use assets (Note 18), intangible assets (Note 19) and other non-current assets.

The segment information provided to the Senior Management for the reportable segments is as follow:

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

The segment results for the year ended 31 December 2024 are as follows:

	Engineering, consulting and licensing	EPC contracting	Construction	Equipment manufacturing	Unallocated	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue and results							
Revenue from external customers	3,974,028	37,998,934	21,847,167	378,081	–	–	64,198,210
Inter-segment revenue	186,106	–	5,428,335	367,816	–	(5,982,257)	–
Segment revenue	4,160,134	37,998,934	27,275,502	745,897	–	(5,982,257)	64,198,210
Segment results	236,970	1,046,971	221,829	9,880	199,563	–	1,715,213
Finance income							1,199,790
Finance expenses							(68,008)
Share of profit of a joint arrangement	60	–	–	–	–	–	60
Share of profit of associates	1,943	2,915	–	–	–	–	4,858
Profit before taxation							2,851,913
Income tax expense							(378,187)
Profit for the year							2,473,726
Other segment items							
Depreciation	286,012	203,468	512,942	13,379	–	–	1,015,801
Amortisation	27,069	11,088	4,209	–	851	–	43,217
Capital expenditures							
– Property, plant and equipment	229,947	91,169	268,241	20,605	2,575	–	612,537
– Right-of-use assets	49,679	267,541	42,710	–	–	–	359,930
– Intangible assets	34,988	10,499	3,007	–	–	–	48,494
Provision/(Reversal of provision) for ECL on trade and other receivables and contract assets, net	21,969	(10,415)	(58,574)	(20,303)	(12,661)	–	(79,984)

7. Segment Information (Continued)

The segment assets and liabilities as at 31 December 2024 are as follows:

	Engineering, Consulting and licensing	EPC Contracting	Construction	Equipment manufacturing	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets						
Segment assets	14,424,861	32,938,189	20,391,543	833,169	(18,494,479)	50,093,283
Investment in a joint arrangement	4,086	9,295	10,270	–	–	23,651
Unallocated assets						31,396,405
Total assets						81,513,339
Liabilities						
Segment liabilities	17,120,323	35,352,134	17,933,358	424,520	(20,901,108)	49,929,227
Other unallocated liabilities						2,627
Total liabilities						49,931,854

7. Segment Information (Continued)

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

The segment results for the year ended 31 December 2023 are as follows:

	Engineering, consulting and licensing	EPC contracting	Construction	Equipment manufacturing	Unallocated	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Restated)	(Restated)					(Restated)
Segment revenue and results							
Revenue from external customers	3,638,978	32,119,890	20,226,938	367,487	–	–	56,353,293
Inter-segment revenue	183,180	–	5,052,050	363,662	–	(5,598,892)	–
Segment revenue	3,822,158	32,119,890	25,278,988	731,149	–	(5,598,892)	56,353,293
Segment results	293,322	1,023,283	403,850	7,950	14,122	–	1,742,527
Finance income							1,091,649
Finance expenses							(72,331)
Share of profit of a joint arrangement	178	–	–	–	–	–	178
Share of profit of associates	5,187	7,777	–	–	–	–	12,964
Profit before taxation							2,774,987
Income tax expense							(430,880)
Profit for the year							2,344,107
Other segment items							
Depreciation	235,239	165,315	485,421	21,491	385	–	907,851
Amortisation	26,434	10,717	5,252	–	193	–	42,596
Capital expenditures							
– Property, plant and equipment	268,350	156,175	496,390	5,134	–	–	926,049
– Right-of-use assets	38,286	52,525	22,911	149	–	–	113,871
– Intangible assets	9,473	9,861	6,037	–	2,324	–	27,695
Provision/(Reversal of provision) for ECL on trade and other receivables and contract assets, net	15,794	11,268	167,667	(3,148)	(24,525)	–	167,056

7. Segment Information (Continued)

The segment assets and liabilities as at 31 December 2023 are as follows:

	Engineering, Consulting and licensing	EPC Contracting	Construction	Equipment manufacturing	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)				(Restated)
Assets						
Segment assets	25,232,480	27,675,559	20,067,534	902,657	(26,281,214)	47,597,016
Investment in a joint arrangement	4,026	–	–	–	–	4,026
Investment in associates	57,270	85,904	–	–	–	143,174
Unallocated assets						33,345,516
Total assets						81,089,732
Liabilities						
Segment liabilities	31,855,442	21,221,167	15,201,792	542,538	(18,650,699)	50,170,240
Other unallocated liabilities						2,469
Total liabilities						50,172,709

Analysis of information by geographical regions:

The following table lists out the information about geographical regions. The geographical regions of the sales to external customers are based on the locations where the services are rendered or the places where the goods are delivered. The specific non-current assets include property, plant and equipment, right-of-use assets, intangible assets, investment in a joint arrangement and investment in associates, which the geographical regions are based on the places where the assets are located for property, plant and equipment and land use rights, the places where they are allocated to for intangible assets and the places where the business are conducted for a joint arrangement and associates.

7. Segment Information (Continued)

Revenue

	2024	2023
	RMB'000	RMB'000
		(Restated)
The PRC	**53,436,344**	50,732,753
Saudi Arabia	**6,449,526**	3,117,518
Kuwait	**6,339**	275,112
Other countries	**4,306,001**	2,227,910
	64,198,210	56,353,293

Information about major customers

The customers accounted for more than 10% of the total revenue of the Group and revenue from them for the year ended 31 December 2024 and 2023, the details are as follows:

	2024	2023
	RMB'000	RMB'000
Fellow subsidiary and its subsidiaries		
– Customer group A	**20,735,302**	27,890,375

The revenue from the customers is derived from the segment of engineering, consulting and licensing, EPC contracting, construction and equipment manufacturing.

Specified non-current assets

	2024	2023
	RMB'000	RMB'000
		(Restated)
The PRC	**6,440,803**	6,697,045
Other countries	**649,737**	664,205
	7,090,540	7,361,250

7. Segment Information (Continued)

Disaggregation of revenue from contracts with customer

The Group derives revenue from the transfer of goods and service at a point in time and over time in the following customers' segment for engineering, consulting and licensing, EPC contracting, construction and equipment manufacturing:

	Engineering, consulting and licensing	EPC contracting	Construction	Equipment manufacturing	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Timing of revenue recognition					
For the year ended 31 December 2024					
– At a point in time	**–**	**–**	**–**	**378,081**	**378,081**
– Over time	**3,974,028**	**37,998,934**	**21,847,167**	**–**	**63,820,129**
Total revenue	**3,974,028**	**37,998,934**	**21,847,167**	**378,081**	**64,198,210**
For the year ended 31 December 2023 (Restated)					
– At a point in time	–	–	–	367,487	367,487
– Over time	3,638,978	32,119,890	20,226,938	–	55,985,806
Total revenue	3,638,978	32,119,890	20,226,938	367,487	56,353,293
Contract revenue by categories					
For the year ended 31 December 2024					
– Oil refining	**1,063,249**	**4,925,264**	**5,495,348**	**12,447**	**11,496,308**
– Petrochemicals	**2,057,831**	**25,355,657**	**12,471,509**	**364,652**	**40,249,649**
– New coal chemicals	**245,409**	**733,143**	**99,367**	**–**	**1,077,919**
– Storage and transportation and others	**607,539**	**6,984,870**	**3,780,943**	**982**	**11,374,334**
Total revenue	**3,974,028**	**37,998,934**	**21,847,167**	**378,081**	**64,198,210**
For the year ended 31 December 2023 (Restated)					
– Oil refining	849,087	1,785,971	4,138,092	–	6,773,150
– Petrochemicals	1,973,465	20,414,000	11,980,780	367,358	34,735,603
– New coal chemicals	173,837	31,934	350,782	–	556,553
– Storage and transportation and others	642,589	9,887,985	3,757,284	129	14,287,987
Total revenue	3,638,978	32,119,890	20,226,938	367,487	56,353,293

8. Other Income

	2024	2023
	RMB' 000	RMB' 000
		(Restated)
Operating lease rental income on property, plant and equipment	**66,808**	97,081
Income from write back of long outstanding payables	**20,909**	1,731
Government grants [(1)]	**93,617**	74,613
Others	**66,881**	(148,700)
	248,215	24,725

Note:

(1) Government grants mainly represent financial subsidies from Talent Development Fund and job stabilisation subsidies etc.

9. Other Gains – Net

	2024	2023
	RMB' 000	RMB' 000
Gains on disposal of property, plant and equipment	**28,360**	39,444
Gains on disposal of land use rights	**65,765**	–
Gains on disposal of investment in an associate	**41,863**	–
Gains on separation and transfer of "Water/electricity/gas supply and property management"	**17,581**	–
	153,569	39,444

10. Finance Income And Finance Expenses

	2024	2023
	RMB' 000	RMB' 000
		(Restated)
Finance income		
Interest income from the ultimate holding company	**561,423**	606,408
Interest income from the fellow subsidiaries	**141,837**	136,441
Bank interest income	**496,530**	348,800
	1,199,790	1,091,649
Finance expenses		
Interest expenses to a fellow subsidiary on balances wholly repayable within 5 years	**(7,085)**	(9,005)
Interest expenses on retirement and other supplementary benefit obligation	**(48,356)**	(54,619)
Finance charges on lease liabilities	**(11,014)**	(6,293)
Other interest expense	**(1,553)**	(2,414)
	(68,008)	(72,331)
	1,131,782	1,019,318

11. Profit Before Taxation

Profit before taxation is arrived at after charging/(crediting):

	2024	2023
	RMB'000	RMB'000
		(Restated)
Staff costs, including directors' and supervisors' emoluments (Note 16)	**7,371,441**	7,108,995
Retirement benefit plan contribution (including in the above mentioned staff costs)	**954,422**	912,035
Cost of goods sold	**23,577,628**	20,182,059
Subcontracting costs	**22,311,709**	19,215,571
Depreciation and amortisation		
– Property, plant and equipment	**860,464**	766,096
– Right of use assets	**155,337**	141,755
– Intangible assets	**43,217**	42,596
Operating lease rentals		
Short term leases expenses	**507,320**	445,523
(Reversal of provision)/Provision for ECL on trade and other receivables and contract assets, net	**(79,984)**	167,056
Rental income from property, plant and equipment after relevant expenses	**(37,099)**	(69,969)
Research and development costs	**2,515,106**	2,211,106
Gains on disposal of property, plant and equipment	**(28,360)**	(39,444)
Gains on disposal of land use rights	**(65,765)**	–
Auditor's remuneration		
– Audit service	**4,570**	4,570
Exchange gains, net	**(48,109)**	(13,566)

12. Income Tax Expense

	2024 RMB'000	2023 RMB'000
Current tax		
PRC enterprise income tax	**294,512**	407,685
Overseas enterprise income tax	**54,992**	12,808
Over provision for income tax in prior years	**(34,354)**	(9,676)
	315,150	410,817
Deferred tax		
Origination and reversal of temporary differences (note 38)	**63,037**	20,063
Income tax expense	**378,187**	430,880

According to the Corporate Income Tax Law of the PRC, the applicable income tax of the years ended 31 December 2024 and 2023 is 25%.

According to the normal statutory PRC corporate income tax and relevant rules, for the years ended 31 December 2024 and 2023, certain subsidiaries of the Company have been qualified as new high-tech enterprises which can enjoy 15% preferential tax rate in the related period, other members of the Group are subject to 25% income tax rate.

The tax of other countries is based on the nation's tax laws, where the relevant subsidiary of the Group operates in.

The difference between the actual income tax charge in the consolidated statement of profit or loss and other comprehensive income and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
Profit before tax	**2,851,913**	2,774,987
Taxation calculated at the statutory tax rate	**712,978**	693,747
Income tax effects of:		
Preferential income tax treatments of certain companies	**(408,209)**	(377,544)
Difference in overseas profits tax rates	**(59,445)**	(27,362)
Non-deductible expenses	**135,856**	175,818
Income not subject to tax	**(4,919)**	(18,169)
Unrecognised tax losses	**37,219**	32,227
Utilisation of previously unrecognised tax losses	**(939)**	(38,161)
Over provision for income tax in prior years	**(34,354)**	(9,676)
Income tax expense	**378,187**	430,880
Effective income tax rate	**13.3%**	15.5%

13. Earnings Per Share

Basic earnings per share for each of the years ended 31 December 2024 and 2023 is calculated based on the profit attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue.

	2024	2023
Profit attributable to equity holders of the Company (RMB'000)	**2,465,727**	2,336,743
Weighted average number of ordinary shares in issue	**4,396,109,872**	4,427,740,918
Basic earnings per share (RMB)	**0.56**	0.53

Diluted earnings per share is equal to basic earnings per share as there was no potential diluted shares outstanding for the reporting period.

14. Dividends

Dividends represented dividends declared by the Company during each of the years ended 31 December 2024 and 2023.

	2024	2023
	RMB'000	RMB'000
Interim dividends of RMB0.150 per ordinary share (2023: RMB0.119) (1)	**660,772**	526,932
Proposed final dividends of RMB0.208 per ordinary share (2023: RMB0.224)(2)	**914,689**	991,107

(1) Pursuant to a resolution passed at the board of Directors' meeting on 16 August 2024, the Directors authorised to declare the interim dividends for the year ended 31 December 2024 of RMB0.150 (2023: RMB0.119) per share totalling RMB660,772,000 (2023: RMB526,932,000).

(2) Pursuant to the board of Directors' meeting on 14 March 2025, the Directors recommended to declare the final dividends for the year ended 31 December 2024 of RMB0.208 (2023: RMB0.224) per share totalling RMB914,689,000 (2023: RMB991,107,000). Such recommendation is to be approved by the shareholders at the Annual General Meeting. Dividends declared after the year end of the reporting period are not recognised as a liability at the end of the reporting period.

15. Directors' and Supervisors' Emoluments and Five Highest Individuals' Emoluments

(a) Directors' and supervisors' emoluments

Details of directors and supervisors of the Company are as follows:

(i) For the year ended 31 December 2024

	Fee	Basic salaries, other allowances and benefits-in-kind	Discretionary bonus	Contributions to pension plans	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
JIANG Dejun	–	418	728	134	1,280
ZHANG Xinming(6)	–	395	709	134	1,238
XIE Yanli(6)	–	289	535	124	948
	–	1,102	1,972	392	3,466
Non-executive directors					
LI Chengfeng	–	60	–	–	60
XIANG Wenwu(13)	–	117	553	44	714
YU Renming(8)	–	60	–	–	60
	–	237	553	44	834
Independent non – executive directors					
HUI Chiu Chung, Stephen(15)	167	–	–	–	167
YE Zheng	200	–	–	–	200
DUAN Xue(6)	200	–	–	–	200
ZHAO Jinsong(8)	200	–	–	–	200
	767	–	–	–	767
Supervisors					
YI Hao	–	330	508	97	935
WANG Yi(2)	–	435	533	134	1,102
WU Defei(6)	–	214	941	134	1,289
HAN Weiguo(6)	–	359	687	115	1,161
ZHOU Yingguan	–	342	626	102	1,070
SHA Yu(8)	–	328	654	130	1,112
BU Fanyong(12)	–	231	99	77	407
ZHENG Lijun(10)	–	341	562	130	1,033
	–	2,580	4,610	919	8,109
	767	3,919	7,135	1,355	13,176

15. Directors' and Supervisors' Emoluments and Five Highest Individuals' Emoluments (Continued)

(a) Directors' and supervisors' emoluments (Continued)

Details of directors and supervisors of the Company are as follows: (Continued)

(ii) For the year ended 31 December 2023

	Fee	Basic salaries, other allowances and benefits-in-kind	Discretionary bonus	Contributions to pension plans	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
SUN Lili(7)	–	221	841	49	1,111
JIANG Dejun	–	383	788	129	1,300
XIANG Wenwu	–	317	1,126	129	1,572
ZHANG Xinming(6)	–	353	747	129	1,229
XIE Yanli(6)	–	276	618	112	1,006
	–	1,550	4,120	548	6,218
Non-executive directors					
LI Chengfeng(1)	–	–	–	–	–
WU Wenxin(1)(14)	–	–	–	–	–
YU Renming(1)(8)	–	–	–	–	–
	–	–	–	–	–
Independent non – executive directors					
HUI Chiu Chung, Stephen	200	–	–	–	200
YE Zheng	200	–	–	–	200
DUAN Xue(6)	100	–	–	–	100
JIN Yong(4)	100	–	–	–	100
ZHAO Jinsong(8)	33	–	–	–	33
	633	–	–	–	633

15. Directors' and Supervisors' Emoluments and Five Highest Individuals' Emoluments (Continued)

(a) Directors' and supervisors' emoluments (Continued)

Details of directors and supervisors of the Company are as follows: (Continued)

(ii) For the year ended 31 December 2023 (Continued)

Supervisors					
MA Yanhui(6)(9)	–	285	570	107	962
ZHU Fei(5)	–	142	574	53	769
ZHOU Chengping(4)	–	84	658	25	767
WU Zhongxian(3)	–	–	–	–	–
XU Yijun(11)	–	315	672	101	1,088
YI Hao	–	296	232	103	631
WANG Yi(2)	–	411	650	129	1,190
WU Defei(6)	–	298	901	127	1,326
HAN Weiguo(6)	–	340	815	109	1,264
ZHOU Yingguan	–	308	339	109	756
SHA Yu(8)	–	302	736	121	1,159
	–	2,781	6,147	984	9,912
	633	4,331	10,267	1,532	16,763

Notes:

(1) These non-executive directors receive no emoluments for their services provided to the Company but they however receive emoluments from the Group for their services as directors and/or supervisors of a number of subsidiaries.
(2) Appointed on 17 January 2023
(3) Resigned on 17 January 2023
(4) Resigned on 19 March 2023
(5) Resigned on 4 May 2023
(6) Appointed on 26 May 2023
(7) Resigned on 26 May 2023
(8) Appointed on 20 October 2023
(9) Retired on 20 October 2023
(10) Appointed on 29 February 2024
(11) Resigned on 4 March 2024
(12) Appointed on 24 April 2024
(13) Changed from executive director to non-executive director on 24 April 2024
(14) Resigned on 24 April 2024
(15) Resigned on 8 November 2024

15. Directors' and Supervisors' Emoluments and Five Highest Individuals' Emoluments (Continued)

(b) Five highest paid individuals

The number of director or supervisor and non-director or supervisor included in the five highest paid individuals for the years ended 31 December 2024 and 2023 are set forth below:

	2024	2023
	Number of individuals	Number of individuals
Director or supervisor	1	3
Non-director or supervisor	4	2
	5	5

The aggregate of the emoluments in respect of the remaining highest paid non-director or supervisor are as follows:

	2024	2023
	RMB'000	RMB'000
Basic salaries, other allowances and benefits-in-kind	904	478
Discretionary bonuses	6,068	1,886
Contributions to pensions plans	463	202
	7,435	2,566

The emoluments four (2023: two) highest paid individuals who are non-director or supervisor are within the following bands:

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

No emoluments were paid by the Group to any director or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2023: nil).

16. Employment Benefits

	2024	2023
	RMB'000	RMB'000
		(Restated)
Salaries, wages and bonuses	**5,065,685**	4,873,638
Retirement benefits[1]	**898,368**	852,092
Early retirement and supplemental pension benefit (Note 33 (b))		
– service cost	**4,078**	–
– interest cost	**43,341**	54,081
Immediate recognition of actuarial losses	**8,635**	5,862
Housing fund[2]	**442,628**	425,249
Welfare, medical and other expenses	**908,706**	898,073
	7,371,441	7,108,995

Notes:

(1) Retirement benefits

The Group is required to make specific contributions to the state-managed retirement plan at a rate of 14% to 19% (2023: 14% to 19%) of the specified salaries of the PRC employees for the year ended 31 December 2024. The PRC government is responsible for the pension liability to the retired employees. The PRC employees of the Group are entitled to a monthly pension upon their retirements.

(2) Housing fund

In accordance with the PRC housing reform regulations, the Group is required to make contributions to the state-managed housing fund at rates of 12% of the specified salaries of the PRC employees. At the same time, the employees are required to make a contribution based on certain percentages. The employees are entitled to claim the entire sum of the fund under certain specified withdrawal circumstances. The Group has no further obligations for housing benefits beyond the contributions made above.

17. Property, Plant and Equipment

	Buildings and other facilities	Machinery, transportation equipment and other equipment	Construction-in-progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023 (Restated)				
Cost	3,807,432	5,870,753	611,257	10,289,442
Accumulated depreciation and impairment	(1,854,313)	(3,770,465)	–	(5,624,778)
Net book amount	1,953,119	2,100,288	611,257	4,664,664
Year ended 31 December 2023				
Opening net book amount	1,953,119	2,100,288	611,257	4,664,664
Transfers	133,313	818,040	(951,353)	–
Additions	–	15,583	910,466	926,049
Depreciation	(126,611)	(639,485)	–	(766,096)
Disposals	(5,435)	(10,120)	–	(15,555)
Closing net book amount	1,954,386	2,284,306	570,370	4,809,062
At 31 December 2023 and 1 January 2024 (Restated)				
Cost	3,934,260	6,424,044	570,370	10,928,674
Accumulated depreciation and impairment	(1,979,874)	(4,139,738)	–	(6,119,612)
Net book amount	1,954,386	2,284,306	570,370	4,809,062
Year ended 31 December 2024				
Opening net book amount	**1,954,386**	**2,284,306**	**570,370**	**4,809,062**
Transfers	**54,928**	**528,792**	**(583,720)**	**–**
Additions	**–**	**379**	**612,158**	**612,537**
Depreciation	**(124,557)**	**(735,907)**	**–**	**(860,464)**
Disposals	**(2,326)**	**(1,521)**	**–**	**(3,847)**
Closing net book amount	**1,882,431**	**2,076,049**	**598,808**	**4,557,288**
At 31 December 2024				
Cost	**3,972,964**	**6,593,373**	**598,808**	**11,165,145**
Accumulated depreciation and impairment	**(2,090,533)**	**(4,517,324)**	**–**	**(6,607,857)**
Net book amount	**1,882,431**	**2,076,049**	**598,808**	**4,557,288**

Depreciation expense recognised is analysed as follows:

	2024	2023
	RMB'000	RMB'000
		(Restated)
Cost of sales	**763,821**	671,100
Selling and marking expenses	**287**	296
Administrative expenses	**36,794**	40,904
Research and development costs	**59,562**	53,796
	860,464	766,096

18. Right-of-Use Assets

The Group leases assets including buildings and other facilities, Machinery, transportation equipment and other equipment and lands. Information about leases for which the Group is a lessee is presented below:

	Buildings and other facilities	Machinery, transportation equipment and other equipment	Land use right	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023	122,047	21,802	2,115,829	2,259,678
Additions	111,661	2,210	–	113,871
Depreciation for the year	(74,557)	(9,996)	(57,202)	(141,755)
Disposals	–	–	(241)	(241)
Modification	(3,056)	(785)	–	(3,841)
Balance at 31 December 2023 and 1 January 2024	**156,095**	**13,231**	**2,058,386**	**2,227,712**
Additions	**349,815**	**10,115**	**–**	**359,930**
Depreciation for the year	**(90,660)**	**(8,323)**	**(56,354)**	**(155,337)**
Disposals	**–**	**–**	**(98,051)**	**(98,051)**
Modification	**(6,986)**	**(220)**	**–**	**(7,206)**
Balance at 31 December 2024	**408,264**	**14,803**	**1,903,981**	**2,327,048**

Depreciation recognised is analysed as follows:

	2024	2023
	RMB'000	RMB'000
Cost of sales	**112,974**	95,342
Administrative expenses	**27,147**	40,924
Research and development expenses	**15,216**	5,489
	155,337	141,755

19. Intangible Assets

	Patent	Computer software	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2023 (Restated)			
Cost	489,982	620,359	1,110,341
Accumulated amortisation	(479,966)	(438,198)	(918,164)
Net book amount	10,016	182,161	192,177
Year ended 31 December 2023 (Restated)			
Opening net book amount	10,016	182,161	192,177
Additions	–	27,695	27,695
Amortisation	(1,010)	(41,586)	(42,596)
Disposals			
– Cost	–	(100)	(100)
– Accumulated amortisation	–	100	100
Closing net book amount	9,006	168,270	177,276
At 31 December 2023 and 1 January 2024 (Restated)			
Cost	489,982	647,954	1,137,936
Accumulated amortisation	(480,976)	(479,684)	(960,660)
Net book amount	9,006	168,270	177,276
Year ended 31 December 2024			
Opening net book amount	**9,006**	**168,270**	**177,276**
Additions	**19,526**	**28,968**	**48,494**
Amortisation	**(1,173)**	**(42,044)**	**(43,217)**
Closing net book amount	**27,359**	**155,194**	**182,553**
At 31 December 2024			
Cost	**509,508**	**676,922**	**1,186,430**
Accumulated amortisation	**(482,149)**	**(521,728)**	**(1,003,877)**
Net book amount	**27,359**	**155,194**	**182,553**

Amortisation recognised is analysed as follows:

	2024	2023
	RMB'000	RMB'000
		(Restated)
Cost of sales	**5,476**	4,819
Administrative expenses	**23,665**	23,105
Research and development expenses	**14,076**	14,672
	43,217	42,596

20. Investment in Joint Arrangements and Associates

(a) Investment in joint arrangements

	2024 RMB'000	2023 RMB'000
Joint ventures		
Beginning of the year	**4,026**	3,847
Share of total comprehensive income	**60**	179
Capital contribution	**19,565**	–
End of the year	**23,651**	4,026

The Group's joint ventures, are unlisted and established in a form of limited company, are as follows:

Name	Establishment/Place of incorporation	Registered and fully paid capital	Interest held by the Group	Principal activities and place of operations
Hainan Great Wall Machinery Engineering Co., Ltd. (海南長城機械工程有限公司) (1)	The PRC	RMB3,000,000 (2023: RMB3,000,000)	50% (2023: 50%)	Technical development, sales of equipment/The PRC
Abdel Hadi Abdullah Al-Qahtani & Sons Sinopec Shanghai Engineering Contracting Company (卡塔尼 – 上海工程(沙特)工程設計與建築公司) (2)	Saudi Arabia	SAR10,000,000 (2023: nil)	49% (2023: nil)	Providing EPC Contracting/ Saudi Arabia
NAMPEC Transportation and Engineering Co., Ltd. (南榮石化運輸工有限公司) (3)	Thailand	THB49,000,000 (2023: nil)	49% (2023: nil)	Transportation/Thailand

The above joint ventures are accounted for by using the equity method.

(1) The Group's share of the results of Hainan Great Wall Machinery Engineering Co., Ltd., its aggregated assets and liabilities, are as follows:

	2024 RMB'000	2023 RMB'000
Current assets	**16,588**	7,385
Non-current assets	**722**	829
Total assets	**17,310**	8,214
Current liabilities	**9,137**	162
Total liabilities	**9,137**	162
Equity	**8,173**	8,052
Share of equity by the Group (50%) (2023: 50%)	**4,086**	4,026

20. Investment in Joint Arrangements and Associates (Continued)

(a) Investment in joint arrangements (Continued)

(1) The Group's share of the results of Hainan Great Wall Machinery Engineering Co., Ltd., its aggregated assets and liabilities, are as follows: (Continued)

	2024	2023
	RMB'000	RMB'000
Revenue	9,133	570
Profit and total comprehensive income for the year	120	357
Share of total comprehensive income (50%) (2023:50%)	60	179

(2) Abdel Hadi Abdullah Al-Qahtani & Sons Sinopec Shanghai Engineering Contracting Company was incorporated in 2024, and not yet commence the business during the year.

(3) NAMPEC Transportation and Engineering Co., Ltd. was incorporated in 2024, and not yet commence the business during the year.

There are no material contingent liabilities and commitments relating to the Group's interests in the joint ventures and no material contingent liabilities and commitments of the joint ventures themselves.

(b) Investments in associates

	2024	2023
	RMB'000	RMB'000
		(Restated)
Beginning of the year	143,174	139,066
Share of total comprehensive income	4,792	13,208
Dividend distribution	(28,000)	(9,100)
Disposals	(119,966)	–
End of the year	–	143,174

The Group's associates, all of which are unlisted and established in a form of limited company, are as follows:

Name	Establishment/Place of incorporation	Registered and fully paid capital	Interest held by the Group	Principal activities and place of operations
		RMB'000		
China Petrochemical Technology Co., Ltd. (中國石油化工科技開發有限公司)[1]	The PRC	– (2023: 50,000)	0% (2023:35.00%)	Technical development, Technical service/The PRC

The above associates are accounted for by using the equity method.

20. Investment in Joint Arrangements and Associates (Continued)

(b) Investments in associates (Continued)

The Group's share of the results of China Petrochemical Technology Co., Ltd., its aggregated assets and liabilities, are as follows:

	2023
	RMB'000
Current assets	1,746,053
Non-current assets	59,896
Total assets	1,805,949
Current liabilities	1,347,575
Non-current liabilities	60
Total liabilities	1,347,635
Equity attributable to equity holders	409,070
Non-controlling interests	49,244
	458,314
Share of equity by the Group (0%) (2023: 35%)	143,174

	2023
	RMB'000
Revenue	789,693
Profit and total comprehensive income for the year attributable to equity holders	37,675
Profit and total comprehensive income for the year attributable to non-controlling interest holders	6,242
Share of total comprehensive income (0%) (2023: 35%)	13,209

For the years ended 31 December 2023, China Petrochemical Technology Co., Ltd. declares dividends of RMB26,000,000.

On 30 June 2024, Sinopec Shanghai Engineering Co., Ltd. (中石化上海工程有限公司) ("SSEC"), a wholly-owned subsidiary of the Company, entered into the KSD Equity Transfer Agreement with China Petrochemical Technology Co., Ltd. (中國石油化工科技開發有限公司) ("Sinopec Tech"), pursuant to which, Sinopec Tech agrees to repurchase its 7% equity interests held by SSEC. On the same date, Sinopec Engineering Incorporation (中國石化工程建設有限公司) ("SEI"), Luoyang Petrochemical Engineering Corporation Ltd. (中石化洛陽工程有限公司) ("LPEC") and Sinopec Ningbo Engineering Co., Ltd. (中石化寧波工程有限公司) ("SNEC"), the wholly-owned subsidiaries of the Company, entered into the Sinopec Tech Equity Transfer Agreement with China Petroleum & Chemical Corporation ("Sinopec Corporation"), pursuant to which, SEI, LPEC and SNEC agree to sell the 28% equity interests in aggregate held in Sinopec Tech to Sinopec Corporation. The transactions have been completed during the year. Upon completion of the transactions, the Group will no longer hold any equity interest in Sinopec Tech.

21. Notes and Trade Receivables

	2024	2023
	RMB'000	RMB'000
		(Restated)
Trade receivables		
Fellow subsidiaries	**2,270,381**	2,204,365
Joint ventures of fellow subsidiaries	**241,548**	479,035
Associates of fellow subsidiaries	**202,886**	415,132
Associates	**–**	22,583
Third parties	**7,284,999**	5,700,422
	9,999,814	8,821,537
Less: ECL allowance for impairment	**(2,309,309)**	(2,302,776)
Trade receivables – net	**7,690,505**	6,518,761
Notes receivables	**728,629**	987,082
Notes and trade receivables – net	**8,419,134**	7,505,843

The carrying amounts of the Group's notes and trade receivables as at 31 December 2024 and 31 December 2023 approximate their fair values.

All notes receivable of the Group are bank's acceptance bills and commercial's acceptance bills and usually collected within six months from the date of issue.

The Group usually provides customers with a credit term between 15 and 180 days. For the settlement of trade receivables from provision of services, the Group usually reaches an agreement on the term of each payment with the customer by taking into account of factors such as, among other things, the credit history of the customer, its liquidity position and the Group's working capital needs, which varies on a case-by-case basis that requires the judgment and experience of the management. The Group does not hold any collateral as security.

Ageing analysis of notes and trade receivables, net of ECL allowance, by invoice date is as follows:

	2024	2023
	RMB'000	RMB'000
		(Restated)
Within 1 year	**7,685,300**	6,902,259
Between 1 and 2 years	**478,713**	402,241
Between 2 and 3 years	**176,113**	151,325
Between 3 and 4 years	**43,643**	17,865
Between 4 and 5 years	**12,552**	5,495
Over 5 years	**22,813**	26,658
	8,419,134	7,505,843

21. Notes and Trade Receivables (Continued)

The movements of ECL allowance on trade receivables are as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
At the beginning of the year	**2,302,776**	2,286,529
ECL allowance	**221,902**	176,668
Receivables written off as uncollectible	**(33,364)**	(9,582)
Reversal	**(182,005)**	(150,839)
At the end of the year	**2,309,309**	2,302,776

During the year ended 31 December 2024, the Group has performed an individual assessment on those trade debtors with significant outstanding balances, some trade receivables has provided full ECL allowance in light of the severe financial difficulty and long default payment record, this led to a significant change in the ECL allowance on trade receivables.

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

	2024 RMB'000	2023 RMB'000 (Restated)
RMB	**6,728,216**	6,859,461
USD	**392,566**	145,832
SAR	**689,111**	378,525
KWD	**106,935**	113,672
Others	**502,306**	8,353
	8,419,134	7,505,843

22. Prepayments and Other Receivables

	2024 RMB'000	2023 RMB'000 (Restated)
Prepayments		
Prepayments for fellow subsidiaries	**257,966**	82,814
Prepayments for joint ventures of fellow subsidiaries	**3,143**	1,416
Prepayments for associates of fellow subsidiaries	**2,983**	2,108
Prepayments for joint ventures	**5,652**	–
Prepayments for construction	**1,317,410**	1,475,498
Prepayments for materials and equipment	**6,160,817**	5,337,911
Prepayments for labour costs	**171,465**	46,624
Prepayments for rent	**2,191**	2,215
Others	**196,024**	83,569
	8,117,651	7,032,155
Other receivables		
Amounts due from fellow subsidiaries(1)	**381,218**	117,150
Amounts due from joint ventures of fellow subsidiaries(1)	**187,992**	235,918
Amounts due from associates of fellow subsidiaries(1)	**80,204**	70,256
Dividends receivable	**–**	3,640
Interests receivable	**366,207**	366,693
Petty cash funds	**2,126**	3,037
Other guarantee deposits and deposits	**137,186**	189,658
Payment in advance	**479,423**	408,452
Maintenance funds	**65,135**	65,385
Prepaid and value-added tax credit	**1,047,566**	677,472
Prepaid income tax	**93,897**	83,465
Others	**128,880**	122,328
	2,969,834	2,343,454
Less: ECL allowance for impairment	**(120,487)**	(121,089)
Prepayments and other receivables – net	**10,966,998**	9,254,520

(1) The amounts due from related parties are unsecured, interest free and repayable on demand.

22. Prepayments and Other Receivables (Continued)

The carrying amounts of the Group's prepayments and other receivables as at 31 December 2024 and 31 December 2023 approximate their fair values.

The movements of ECL allowance on other receivables are as follows:

	2024	2023
	RMB'000	RMB'000
At the beginning of the year	121,089	111,763
ECL allowance	28,728	41,347
Write-off of irrecoverable receivable	(18)	–
Reversal	(29,312)	(32,021)
At the end of the year	120,487	121,089

23. Contract Assets and Contract Liabilities

(a) Contract assets

	2024	2023
	RMB'000	RMB'000
		(Restated)
Contract assets arising from construction contracts	11,409,353	9,970,557

Typical payment terms which impact on the amount of contract assets recognised are as follows:

The Group's construction contracts include payment schedules which require progress payments over the construction period once certain specified milestones are reached. The Group requires customers to pay deposits, normally 10% of total contract sum, as part of its credit risk management policies. The Group also agrees to have 1 to 2 years retention period for, normally 5% of the contract value. This amount is included in contract assets until the end of retention period as the Group's entitlement to this final payment is conditional on the Group's satisfactory work.

The movements of ECL allowance on contract assets are as follows:

	2024	2023
	RMB'000	RMB'000
At the beginning of the year	662,374	528,294
ECL allowance	34,812	163,784
Reversal	(148,978)	(29,704)
At the end of the year	548,208	662,374

23. Contract Assets and Contract Liabilities (Continued)

(b) Contract liabilities

	2024	2023
	RMB'000	RMB'000
		(Restated)
Contract liabilities arising from construction contracts	**22,221,119**	24,760,910

Notes:
When the Group receives a deposit before the production activity commences, this will give rise to contract liabilities at the start of a contract until the revenue recognised on the project exceeds the amount of the deposit.

The balance of contract liabilities as at 1 January 2024 is RMB24,760,910,000 (2023: RMB22,929,193,000), of which RMB19,599,714,000 (2023: RMB17,756,251,000) was recognised as revenue during the year.

Unsatisfied performance obligation:

The Group has signed construction contracts with a number of clients to provide construction services for a certain period of time in the future. These contracts normally constitute a single performance obligation as a whole. As at 31 December 2024, part of the construction projects of the Group was still in the process, and the total transaction price apportioned to the unsatisfied performance obligation was RMB172,676,580,000 (2023: RMB136,262,230,000), the amount of which was related to the progress of the performance of each construction contract and will be recognised as revenue in accordance with the percentage of work performed in the future.

24. Inventories

	2024	2023
	RMB'000	RMB'000
		(Restated)
Raw materials	**289,817**	252,847
Turnover materials	**254,714**	244,935
Goods in transit	**20,233**	2,920
	564,764	500,702
Provision for impairment on inventories	**(27,849)**	(27,849)
Inventory, net	**536,915**	472,853

For the year ended 31 December 2024 and 2023, the cost of inventories recognised as expense and included in cost of sales amounted to RMB23,577,628,000 and RMB20,182,059,000 respectively.

25. Fair Value Through Other Comprehensive Income Investments

	2024	2023
	RMB'000	RMB'000
Beginning of financial year	252,862	250,000
Additions	1,261	2,862
End of financial year	254,123	252,862

Financial assets, at FVOCI is analysed as follows:

	2024	2023
	RMB'000	RMB'000
Unlisted equity shares	254,123	252,862
Total	254,123	252,862

Unlisted equity shares related to investment in Sinopec Carbon Industry Technology Co., Ltd., the company incorporated in the PRC. The Company mainly provides carbon verification; carbon asset management; research and development of carbon emission reduction, carbon conversion, carbon capture and carbon storage technologies; China certified voluntary emission reduction services; natural science research and experimental development; engineering and technological research and experimental development; technical services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; technology import and export; engineering technology services; production, storage and sales of chemical products and hazardous chemicals; contract energy management; project investment; equity investment; financial asset management services; computer data processing and storage services; big data collection and application; intelligent design consulting; enterprise management consulting and information technology consulting services.

The financial asset, at FVOCI is classified as Level 3 of the fair value hierarchy, based on the unobservable inputs of the net asset value. The lower the net asset value, the lower the fair value.

26. Loans Due from the Ultimate Holding Company

Loans due from the ultimate holding company are unsecured, repayable within one year and interest bearings as follows:

	2024	2023
Loans due from the ultimate holding company	2.30% to 2.90%	2.90% to 3.60%

27. Restricted Cash

	2024	2023
	RMB'000	RMB'000
Restricted cash		
– RMB	**230,148**	90,394

Restricted cash mainly represented restricted funds frozen by the order of Justice, bank deposits for guarantees and deposit for farmers' salaries.

As at 31 December 2024 and 31 December 2023, the weighted average effective interest rates per annum on restricted cash with maturities ranging from one to twelve months was determined in accordance with the interest rate per annum of bank current account.

The maximum exposure to credit risk approximates to carrying amounts of the Group's restricted cash at the end of the respective reporting periods.

28. Time Deposits

	2024	2023
	RMB'000	RMB'000
Time deposits with initial term over three months:		
Time deposits in banks	**8,707,711**	9,711,065
Time deposits in fellow subsidiaries	**1,255,554**	2,303,473
	9,963,265	12,014,538

	2024	2023
	RMB'000	RMB'000
Denominated in:		
– RMB	**8,730,414**	9,096,527
– USD	**1,206,932**	2,213,496
– MYR	**25,919**	267,535
– KWD	**–**	115,230
– SAR	**–**	321,750
	9,963,265	12,014,538

The fellow subsidiaries are Sinopec Finance Co., Ltd. and Sinopec Century Bright Capital Investment Limited.

The effective interest rates per annum on time deposits, with maturities of three months to three years (2023: three months to three years), are approximately 1.35% to 5.20% as at 31 December 2024 (2023: 1.87% to 5.65%).

The maximum exposure to credit risk approximates to carrying amounts of the Group's time deposits at the end of the respective reporting periods.

29. Cash and Cash Equivalents

	2024 RMB' 000	2023 RMB' 000 (Restated)
Cash at bank and in hand		
– less than three months' time deposits	**1,831,936**	2,325,199
– cash deposits	**3,384,464**	5,308,009
	5,216,400	7,633,208
Deposits in fellow subsidiaries		
– less than three months' time deposits	**1,304,634**	468,873
– cash deposits	**4,918,891**	4,811,227
	6,223,525	5,280,100
	11,439,925	12,913,308

	2024 RMB' 000	2023 RMB' 000 (Restated)
Denominated in:		
– RMB	**7,054,094**	9,957,335
– USD	**1,864,697**	546,043
– SAR	**866,184**	516,467
– EUR	**579,816**	602,732
– KWD	**13,140**	147,364
– THB	**4,356**	16,558
– MYR	**314,723**	50,927
– Others	**742,915**	1,075,882
	11,439,925	12,913,308

The fellow subsidiaries are Sinopec Finance Co., Ltd. and Sinopec Century Bright Capital Investment Limited.

As at 31 December 2024 and 31 December 2023, the weighted average effective interest rates per annum on cash at bank are determined in accordance with the interest rate per annum of bank current account.

The effective interest rates per annum on deposits less than three months, with maturities of seven days to three months (2023: seven days to three months), are approximately 0.00% to 25.10% as at 31 December 2024 (2023: 0.00% to 14.23%).

The maximum exposure to credit risk approximates the carrying amounts of cash and cash equivalents at the end of the respective reporting periods.

30. Share Capital

	As at 31 December 2024		As at 31 December 2023	
	Number of shares	Share capital	Number of shares	Share capital
		RMB'000		RMB'000
Registered, issued and fully paid				
– Domestic shares of RMB1.00 each(1)	2,967,200,000	2,967,200	2,967,200,000	2,967,200
– H Shares of RMB1.00 each	1,460,800,000	1,460,800	1,460,800,000	1,460,800
Shares repurchased and cancelled	(30,119,000)	(30,119)	(9,456,500)	(9,456)
	4,397,881,000	4,397,881	4,418,543,500	4,418,544

(1) The 2,967,200,000 domestic shares comprise as follows:
- (a) 2,687,876,000 shares are held by Sinopec Group; and
- (b) 59,344,000 shares are held by SAMC (a fellow subsidiary); and
- (c) 219,980,000 shares are held by China National Petroleum Corporation.

Where the Company or its subsidiaries had repurchased the Company's listed securities, the following information should be disclosed. Such information can be disclosed in other parts of the annual report.

During the year, the Company repurchased its own ordinary shares through The Stock Exchange of Hong Kong Limited as follows:

Month of repurchase	No. of ordinary share	Price per share		Aggregate consideration paid
		Highest	Lowest	
		HK$	HK$	HK$'000
January	451,500	4.06	4.02	1,831
March	2,741,000	4.68	4.28	12,472
April	6,837,500	5.08	4.53	33,151
June	3,806,500	5.46	5.18	20,299
August	1,741,000	5.72	5.31	9,625
September	1,718,000	5.58	5.11	9,133

The 13,397,000 shares (included 3,367,000 shares repurchased in December 2023), 5,547,500 shares and 1,718,000 shares of above ordinary shares were cancelled upon repurchase on 13 May 2024, 30 August 2024 and 30 December 2024, respectively.

None of the Company and the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

31. The Statement of Financial Position, the Statement of Changes in Equity and Reserves of the Company

(i) The statement of financial position of the Company

	2024	2023
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	164,614	152,732
Right-of-use assets	45,491	47,360
Intangible assets	90,429	106,186
Investment in subsidiaries	8,360,432	8,331,541
Deferred income tax assets	1,492	1,059
Total non-current assets	8,662,458	8,638,878
Current assets		
Inventories	52	62
Notes and trade receivables	409,314	49,482
Prepayments and other receivables	1,830,475	1,320,753
Contract assets	2,573	1,299
Loans due from the ultimate holding company	20,500,000	20,500,000
Restricted cash	1,088	–
Time deposits	8,396,744	9,605,581
Cash and cash equivalents	6,335,957	8,153,201
Total current assets	37,476,203	39,630,378
Total assets	46,138,661	48,269,256

31. The Statement of Financial Position, the Statement of Changes in Equity and Reserves of the Company (Continued)

(i) The statement of financial position of the Company (Continued)

	2024 RMB'000	2023 RMB'000
Equity		
Share capital	**4,397,881**	4,418,544
Reserves	**14,999,597**	14,953,826
Total equity	**19,397,478**	19,372,370
LIABILITIES		
Non-current liabilities		
Retirement and other supplemental benefit obligations	**685**	834
Total non-current liabilities	**685**	834
Current liabilities		
Trade payables	**638,418**	495,998
Other payables	**25,810,879**	28,220,445
Contract liabilities	**136,199**	6,770
Lease liabilities	**–**	161
Current income tax liabilities	**155,002**	172,678
Total current liabilities	**26,740,498**	28,896,052
Total liabilities	**26,741,183**	28,896,886
Total equity and liabilities	**46,138,661**	48,269,256
Net current assets	**10,735,705**	10,734,326
Total assets less current liabilities	**19,398,163**	19,373,204

Approved and authorised for issue by the board of directors on 14 March 2025.

JIANG Dejun	**ZHANG Xinming**	**YIN Fengbing**
Chairman of the Board	*Executive Director, President*	*Chief Financial Officer*

31. The Statement of Financial Position, the Statement of Changes in Equity and Reserves of the Company (Continued)

(ii) The statement of changes in equity of the Company

	Share capital	Capital reserve	Statutory surplus reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	4,428,000	11,207,894	1,632,788	1,764,255	19,032,937
Profit for the year	–	–	–	1,830,335	1,830,335
Other comprehensive income:					
Defined benefits obligation revaluation of actuarial gain and loss – gross	–	–	–	(10)	(10)
Defined benefits obligation revaluation of actuarial gain and loss – tax	–	–	–	3	3
Exchange differences arising on foreign operations	–	–	–	11,756	11,756
Total comprehensive income	–	–	–	1,842,084	1,842,084
Transactions with owners:					
Final dividends for 2022	–	–	–	(929,880)	(929,880)
Interim dividends for 2023	–	–	–	(526,932)	(526,932)
Transfer to Statutory surplus reserve	–	–	183,034	(183,034)	–
Repurchase of shares	(9,456)	(36,383)	–	–	(45,839)
Total transactions with owners	(9,456)	(36,383)	183,034	(1,639,846)	(1,502,651)
At 31 December 2023 and 1 January 2024	**4,418,544**	**11,171,511**	**1,815,822**	**1,966,493**	**19,372,370**
Profit for the year	**–**	**–**	**–**	**1,738,835**	**1,738,835**
Other comprehensive income:					
Exchange differences arising on foreign operations	**–**	**–**	**–**	**11,735**	**11,735**
Total comprehensive income	**–**	**–**	**–**	**1,750,570**	**1,750,570**
Transactions with owners:					
Final dividends for 2023	**–**	**–**	**–**	**(1,646,693)**	**(1,646,693)**
Interim dividends for 2024	**–**	**–**	**–**	**–**	**–**
Transfer to Statutory surplus reserve	**–**	**–**	**172,125**	**172,125**	**–**
Repurchase of shares	**(20,663)**	**(58,106)**	**–**	**–**	**(78,769)**
Total transactions with owners	**(20,663)**	**(58,106)**	**172,125**	**(1,818,818)**	**(1,725,462)**
At 31 December 2024	**4,397,881**	**11,113,405**	**1,987,947**	**1,898,245**	**19,397,478**

31. The Statement of Financial Position, the Statement of Changes in Equity and Reserves of the Company (Continued)

(iii) Distributable profits

The distributable profits of the Company are as follows:

	2024	2023
	RMB'000	RMB'000
Distributable profits	1,898,245	1,966,493

(iv) Statutory surplus reserve

In accordance with the relevant laws and regulations of the PRC and the articles of association of the Company, it is required to appropriate 10% of its net profit determined in accordance with China Accounting Standards for Enterprises issued by the Ministry of Finance of PRC, after offsetting any prior years' losses, to the statutory surplus reserve. When the balance of such a reserve reaches 50% of the respective companies registered capital, any further appropriation is optional. The reserve must be made before distribution of dividends to shareholders.

The statutory surplus reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the reserve after such an issue is not less than 25% of registered capital. The statutory surplus reserve is non-distributable.

(v) Capital reserve

Capital reserve arising from event-driven revaluation represented reserve recognised due to the revaluation arising from the Reorganisation, being the excess of fair value over carrying value net of the deferred tax liabilities. Apart from the above mentioned event-driven revaluation, capital reserve included transactions with holding company such as assets transferred from/ to Sinopec Group and also the share premium account and the fair value change arising from the financial assets designated as a fair value through other comprehensive income of associate.

(vi) Specific reserve

Pursuant to certain regulations issued by the State Administration of Work Safety of the PRC, the Group is required to set aside an amount to a safety fund for its engineering and construction contracting business. The fund can be used for improvements of safety at the worksite and is not available for distribution to shareholders. Upon incurring qualifying safety expenditures, an equivalent amount is transferred from safety fund to retained earnings.

(vii) Exchange translation reserve

Exchange translation reserve represents exchange differences arising on the translation of financial statements of foreign operations and is treated according to accounting policies Note 3.4.

(viii) Merger reserve

The merger reserve of the Group represents the difference between the nominal value of the aggregate share capital of subsidiaries acquired pursuant to the business combinations under common control completed during the year as mentioned in note 41 over the nominal value of the share capital of the Company issued in exchange.

32. Lease Liabilities

	2024	2023
	RMB'000	RMB'000
Total minimum lease payments:		
Due within one year	**177,370**	42,651
Due in the second to fifth years	**234,307**	81,259
Due after the fifth year	**48,428**	57,923
	460,105	181,833
Future finance charges on leases liabilities	**(37,849)**	(29,105)
Present value of leases liabilities	**422,256**	152,728
Present value of minimum lease payments:		
Due within one year	**169,920**	38,322
Due in the second to fifth years	**212,117**	67,095
Due after the fifth year	**40,219**	47,311
	422,256	152,728
Less:		
Portion due within one year included under current liabilities	**(169,920)**	(38,322)
Portion due after one year included under non-current liabilities	**252,336**	114,406

During the year ended 31 December 2024, the Group entered into a number of lease agreements for usage of residential properties, office and equipment for 1 to 20 years (2023: 1 to 20 years). The Group makes fixed payments and additional variable payments depends on the usage of the buildings, plant and machinery, transportation equipment and other equipment during the contract period. On lease commencement, the Group recognised right-of-use assets included in property, plant equipment and lease liabilities amounting to RMB359,930,000 (2023: RMB113,871,000).

During the year ended 31 December 2024, the total cash outflows for the leases are RMB415,810,000 (2023: RMB344,478,000).

Details of the lease activities

As at 31 December 2024, the Group has entered into leases for office and staff quarter.

Types of right-of-use assets	Financial statements items of right-of-use assets included in	Number of leases	Range of remaining lease term
Office and staff quarter	Building and other facilities carried at cost in "property, plant and equipment"	134 (2023: 108)	1 to 10 years (2023: 1 to 10 years)
Land use rights in PRC	Prepaid land use rights payments	131 (2023: 131)	19 to 58 years (2023: 20 to 59 years)

The Group considered that no extension option or termination option would be exercised at the lease commencement date.

33. Retirement and Other Supplemental Benefit Obligations

(a) State-managed retirement plan

For the year ended 31 December 2024, the Chinese employees of the Group participate in employee social security plans organised and administrated by the PRC government authority. The PRC companies are required to contribute from 14% to 19%, (2023: 14% to 19%) depending on the applicable legal regulations, of salaries, wages and bonuses to the state-managed retirement plans. The obligation of these PRC companies with respect to the state-managed retirement plans is to make the specified contributions (Note 16(1)).

The total costs charged to the consolidated statement of comprehensive income during the years ended 31 December 2024 and 2023 are as follows:

	2024	2023
	RMB'000	RMB'000
		(Restated)
Contributions to state-managed retirement plan	**898,368**	852,092

(b) Group employee retirement benefit plans

The Group has implemented a retirement benefit plan to employees in the PRC who were retired on or before 30 June 2012. Such supplementary pension subsidies are considered to be defined benefit plans as the Group is obligated to provide post-employment benefits to these employees.

According to the plans, such employees after retirement can enjoy retirement pension, welfare allowance, part of medical expenses claim, living expenses and insurance and housing fund and other benefits. The employees' lifetime is guaranteed by the plans.

The exposure to actuarial risks of the Group's retirement benefit plans include: discount rate risk and benefit growth rate risk.

The Group is not obligated to provide post-employment benefits to incumbent employees.

The most recent actuarial valuation as at 31 December 2024 was performed by an independent qualified actuarial firm: Towers Watson Management Consulting (Shenzhen) Co., Ltd. Beijing Branch. The present value, related current service cost and past service cost of the Group's retirement benefit plan obligation are prepared by qualified actuary using the projected unit credit actuarial cost method.

(i) Discount rates adopted (per annum):

	2024	2023
Retirement with honours benefit plan	**1.25%**	2.50%
Retirement benefit plan	**1.75%**	2.50%
Early retirement benefit plan	**1.00%**	2.25%

(ii) Benefit growth rates (per annum):

	2024	2023
Retirement with honours benefit plan	**1.70%**	2.00%
Retirement benefit plan	**2.30%**	2.40%
Early retirement benefit plan	**1.00%**	1.80%

33. Retirement and Other Supplemental Benefit Obligations (Continued)

(b) Group employee retirement benefit plans (Continued)

(iii) Duration:

	2024	2023
Retirement with honours benefit plan	**4.0 years**	4.0 years
Retirement benefit plan	**13.0 years**	13.0 years
Early retirement benefit plan	**4.0 years**	3.0 years

The below sensitivity analysis details how the Group's retirement benefit plan obligation as at the reporting date would have increased/(decreased) as a result of 0.25% reasonably possible increase or decrease assessed by management in each of the significant actuarial assumptions:

	As at 31 December 2024 Increase/(decrease) in retirement benefit plan obligation		As at 31 December 2023 Increase/(decrease) in retirement benefit plan obligation	
	Increase in assumption	**Decrease in assumption**	Increase in assumption	Decrease in assumption
	RMB'000	**RMB'000**	RMB'000	RMB'000
Discount rates	**(38,640)**	**40,200**	(39,170)	40,749
Benefit growth rates	**38,383**	**(37,082)**	38,893	(37,577)

The above sensitivity analysis is based on a change in an actuarial assumption while holding all other actuarial assumptions constant. Also, it is based on the assumption that changes in actuarial assumptions are not correlated.

(iv) Mortality: Average life expectancy of residents in the PRC.

(v) Benefit costs paid to the retirees are assumed to continue until the death of the retirees.

33. Retirement and Other Supplemental Benefit Obligations (Continued)

(b) Group employee retirement benefit plans (Continued)

The total costs of retirement benefit plans in the consolidated statement of comprehensive income are as follows:

	Retirement with honours benefit plan	Retirement benefit plan	Early retirement benefit plan	Total
	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended 31 December 2023				
Net interest expenses	683	51,083	2,315	54,081
Immediate recognition of actuarial losses	–	–	5,862	5,862
Benefit cost recognised in profit or loss	683	51,083	8,177	59,943
Revaluation of net benefit obligation liabilities				
Actuarial revaluation of economic assumptions change	–	103,276	–	103,276
Actuarial revaluation of other assumptions change	(4,196)	(57,124)	–	(61,320)
Benefit cost recognised in other comprehensive income	(4,196)	46,152	–	41,956
Total benefit cost recognised in the consolidated statement of comprehensive income	(3,513)	97,235	8,177	101,899
For the year ended 31 December 2024				
Service cost:				
Past service cost	**–**	**–**	**4,078**	**4,078**
Net interest expenses	**448**	**41,424**	**1,469**	**43,341**
Immediate recognition of actuarial losses	**–**	**–**	**8,635**	**8,635**
Benefit cost recognised in profit or loss	**448**	**41,424**	**14,182**	**56,054**
Revaluation of net benefit obligation liabilities				
Actuarial revaluation of economic assumptions change	**506**	**98,290**	**–**	**98,796**
Actuarial revaluation of other assumptions change	**201**	**(13,488)**	**–**	**(13,287)**
Benefit cost recognised in other comprehensive income	**707**	**84,802**	**–**	**85,509**
Total benefit cost recognised in the consolidated statement of comprehensive income	**1,155**	**126,226**	**14,182**	**141,563**

The Group's benefit plans do not include incumbent employees. No current service cost of each benefit plan incurred during each financial period. Meanwhile, the Group's benefit plans do not provide reserve of plan assets, therefore, there is no reserve of earnings from plan assets during each financial year.

Service cost and net interest expenses are recognised in employment benefits, part of the administrative expenses and finance expenses of the consolidated statement of comprehensive income. Revaluation of net liabilities of benefit obligation is recognised as other comprehensive income in the consolidated statement of profit or loss and other comprehensive income.

33. Retirement and Other Supplemental Benefit Obligations (Continued)

(b) Group employee retirement benefit plans (Continued)

As at the end of each reporting period, no assets reserve is under the Group's benefit plans. The net liabilities of retirement benefit plan obligations are recognised in the consolidated statement of financial position as follows:

	2024	2023
	RMB'000	RMB'000
Net liabilities of retirement benefit plan obligation	**1,782,034**	1,821,196

The movement of retirement benefit plan obligation as follows:

	Retirement with honours benefit plan	Retirement benefit plan	Early retirement benefit plan	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	30,463	1,774,691	108,609	1,913,763
Net interest expenses	683	51,083	2,315	54,081
Immediate recognition of actuarial losses	–	–	5,862	5,862
Revaluation gain/(loss):				
Actuarial revaluation of economic assumptions change	–	103,276	–	103,276
Actuarial revaluation of other assumptions change	(4,196)	(57,124)	–	(61,320)
Direct benefit paid by the Group	(6,892)	(147,770)	(39,804)	(194,466)
At 31 December 2023 and 1 January 2024	**20,058**	**1,724,156**	**76,982**	**1,821,196**
Past service cost	**–**	**–**	**4,078**	**4,078**
Net interest expenses	**448**	**41,424**	**1,469**	**43,341**
Immediate recognition of actuarial losses	**–**	**–**	**8,635**	**8,635**
Revaluation gain/(loss):				
Actuarial revaluation of economic assumptions change	**506**	**98,290**	**–**	**98,796**
Actuarial revaluation of other assumptions change	**201**	**(13,488)**	**–**	**(13,287)**
Direct benefit paid by the Group	**(5,593)**	**(144,132)**	**(31,000)**	**(180,725)**
At 31 December 2024	**15,620**	**1,706,250**	**60,164**	**1,782,034**

The Group has no reserve of plan assets, no capital injection of plan assets is established and no future contribution is arranged.

34. Provision for Litigation Claims

	2024 RMB'000	2023 RMB'000
Beginning of the year	**191,681**	184,271
Exchange difference	**(3,363)**	8,206
Payment	**(1,748)**	(796)
Reversal	**(186,570)**	–
End of the year	**–**	191,681

The amounts represented the provision provided by a subsidiary of the Company for litigation.

The subsidiary of the Company has been sued during Year 2007 to Year 2009 due to a construction contract disputes and the case is ongoing process. The management of the Group has calculated all provision for the expected compensation incurred in accordance with the progress and solutions of the case. During the year, the Court pronounced the case was eventually withdrawn since the delayed by the plaintiff for several years. Accordingly, the provision was reversed to profit or loss.

For the years ended December 2024 and 2023, no additional provision for litigation claims is provided.

35. Notes and Trade Payables

	2024 RMB'000	2023 RMB'000 (Restated)
Trade payables		
– Fellow subsidiaries	**258,821**	237,637
– Associates of fellow subsidiaries	**173**	–
– Joint ventures of fellow subsidiaries	**322**	1,897
– Associates	**–**	402
– Third parties	**20,551,766**	17,747,540
	20,811,082	17,987,476
Notes payables	**1,218,893**	1,840,971
Notes and trade payables	**22,029,975**	19,828,447

The carrying amounts of the Group's notes and trade payables as at 31 December 2024 and 31 December 2023 approximate their fair values.

35. Notes and Trade Payables (Continued)

Ageing analysis of notes and trade payables based on invoice date is as follows:

	2024	2023
	RMB'000	RMB'000
		(Restated)
Within 1 year	21,502,809	17,133,151
Between 1 and 2 years	71,398	611,111
Between 2 and 3 years	36,977	976,857
Over 3 years	418,791	1,107,328
	22,029,975	19,828,447

The carrying amounts of notes and trade payables are denominated in the following currencies:

	2024	2023
	RMB'000	RMB'000
		(Restated)
RMB	19,641,168	18,424,657
USD	210,432	58,409
SAR	1,599,764	827,716
KWD	40,087	317,784
MYR	9,524	8,096
AED	480	1,180
THB	47,167	18,601
Others	481,353	172,004
	22,029,975	19,828,447

36. Other Payables

	2024 RMB'000	2023 RMB'000 (Restated)
Salaries payables	**308,584**	451,210
Other taxation payables	**591,507**	546,159
Output value-added tax	**4,124**	5,387
Payable of separation and transfer of "Water/electricity/ gas supply and property management"	**–**	392
Deposits and guarantee deposits payables	**107,192**	83,990
Advanced payables	**772,969**	802,420
Rent, property management and maintenance payables	**68,338**	186,883
Contracts payables	**385,801**	422,981
Amounts due to ultimate holding company(1)	**18**	23
Amounts due to fellow subsidiaries(1)	**446,909**	176,530
Amounts due to a joint venture(1)	**71**	71
Amounts due to joint ventures of fellow subsidiaries(1)	**–**	242
Amounts due to associates of fellow subsidiaries(1)	**19,207**	31,281
Interest payables	**381**	445
Others	**161,191**	119,152
Total other payables	**2,866,292**	2,827,166

Note:
(1) Amounts due to related parties are unsecured, interest free and repayable on demand.

The carrying amounts of the Group's other payables as at 31 December 2024 and 31 December 2023 approximate their fair values.

37. Loans Due to Fellow Subsidiaries

Loans due to fellow subsidiaries are unsecured. Current is repayable within one year and non-current is repayable within three years and interest bearing at 2.50% to 6.56% (2023: 3.00% to 7.37%) per annum. The fellow subsidiaries are Sinopec Century Bright Capital Investment Limited and Sinopec Finance Co., Ltd.

38. Deferred Income Tax

Deferred income tax assets recognised:

	2024 RMB'000	2023 RMB'000 (Restated)
Deferred income tax assets	**702,938**	753,607

Deferred income tax liabilities recognised:

	2024 RMB'000	2023 RMB'000 (Restated)
Deferred income tax liabilities	**2,627**	2,469

The gross movement on the deferred income tax account is as follows:

	2024 RMB'000	2023 RMB'000 (Restated)
At the beginning of the year	**751,138**	764,508
Credited to equity	**12,210**	6,693
Tax charged to profit for the year (Note 12)	**(63,037)**	(20,063)
At the end of the year	**700,311**	751,138

38. Deferred Income Tax (Continued)

The movement in deferred income tax assets and liabilities during the years ended 31 December 2024 and 2023, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets/liabilities

	Provision for retirement and other supplemental benefit obligation	Provision for impairment on assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023 (Restated)	289,563	450,055	24,890	764,508
Credited/(Charged) to:				
Loss/(Profit) for the year	(20,800)	(5,303)	6,040	(20,063)
Equity	6,693	–	–	6,693
At 31 December 2023 and 1 January 2024 (Restated)	**275,456**	**444,752**	**30,930**	**751,138**
Credited/(Charged) to:				
Profit for the year	**(18,875)**	**(18,664)**	**(25,498)**	**(63,037)**
Equity	**12,828**	**–**	**(618)**	**12,210**
At 31 December 2024	**269,409**	**426,088**	**4,814**	**700,311**

Deferred income tax assets not recognised

Deferred income tax assets are recognised for tax losses carried-forward to the extent that the realisation of the related income tax benefits through the future taxable profits is probable. In accordance with the PRC tax law applicable to those companies in their respective jurisdictions, tax losses may be carried forward against future taxable income. Deferred income tax assets not recognised in the Group is as follows:

	2024	2023
	RMB'000	RMB'000
Tax losses for which no deferred income tax asset was recognised	**1,352,151**	1,105,852

The Group did not recognise deferred income tax assets as the management believes it is not likely that such tax losses would be realised before they expire. The tax loss for which no deferred income tax assets recognised mentioned would be expired in five years.

39. Commitments

(a) Capital commitments

Capital commitments for the purchase of property, plant and equipment outstanding as at 31 December 2024 and 31 December 2023 not provided for in the consolidated financial statements are as follows:

	2024	2023
	RMB'000	RMB'000
Contracted but not provided for		
– Property, plant and equipment	**24,901**	7,087

(b) Operating leasing commitments

At the reporting date, the lease commitments for short-term leases are as follows:

	2024	2023
	RMB'000	RMB'000
Less than 1 year	**32,369**	29,562

As at 31 December 2024 and 31 December 2023, the Group leases a number of residential properties, offices and equipment with a lease period of 6 to 12 months, which are qualified to be accounted for under short-term lease exemption under IFRS 16.

40. Cash Generated from Operations

	2024 RMB'000	2023 RMB'000 (Restated)
Profit before taxation	**2,851,913**	2,774,987
Adjustments for:		
(Reversal of provision)/Provision for ECL on trade and other receivables and contract assets, net	**(79,984)**	167,056
Depreciation of property, plant and equipment	**860,464**	766,096
Depreciation of right-of-use assets	**155,337**	141,755
Amortisation of intangible assets	**43,217**	42,596
Net gains on disposal of property, plant and equipment	**(28,360)**	(39,444)
Net gains on disposal of land use rights	**(65,765)**	–
Net gains on disposal of investment in an associate	**(41,863)**	–
Gains on separation and transfer of "Water/electricity/gas supply and property management"	**(17,581)**	–
Interest income	**(1,199,790)**	(1,091,649)
Interest expense	**68,008**	72,331
Exchange gains, net	**(48,109)**	(13,566)
Share of profit of a joint arrangement	**(60)**	(178)
Share of profit of associates	**(4,858)**	(12,964)
Cash flows from operating activities before changes in working capital	**2,492,569**	2,807,020
Changes in working capital:		
– Inventories	**(64,062)**	284,644
– Contract assets	**(1,354,629)**	(141,874)
– Contract liabilities	**(2,539,791)**	1,801,613
– Notes, trade and other receivables	**(2,596,981)**	(1,471,168)
– Notes, trade and other payables	**1,732,594**	(680,672)
– Restricted cash	**(139,754)**	(7,478)
Cash (used in)/generated from operations	**(2,470,054)**	2,592,085

41. Business Combinations under Common Control

The Group adopts merger accounting for common control combinations in respect of the acquisition of Shanghai KSD Bulk Solids Engineering Co., Ltd during the year ended 31 December 2024.

On 30 June 2024, Sinopec Shanghai Engineering Co., Ltd. (中石化上海工程有限公司) ("SSEC"), a wholly owned subsidiary of the Company, entered into the KSD Equity Transfer Agreement with China Petrochemical Technology Co., Ltd. (中國石油化工科技開發有限公司) ("Sinopec Tech"), pursuant to which, SSEC agrees to acquire the 14.65% equity interests held by Sinopec Tech in Shanghai KSD Bulk Solids Engineering Co., Ltd. (上海金申德粉體工程有限公司) ("KSD"). The agreement has been completed during the year.

The ultimate parent of the Company and KSD is China Petrochemical Corporation ("Sinopec Group") and the aforesaid transactions are regarded as business combinations under common control.

No significant adjustments were made to the net assets and net results of the above entities as a result of the common control combination to achieve consistency of accounting policies.

Statements of adjustments for business combinations under common control occurred during the year ended 31 December 2024 on the Group's financial position as at 31 December 2024, 31 December 2023 and 1 January 2023 and the results for the year ended 31 December 2024 and 31 December 2023 are summarised as follows:

	The Group excluding KSD	Shanghai KSD Bulk Solids Engineering Co., Ltd.	Adjustments	The Group including KSD
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024				
Revenue	63,985,514	215,456	(2,760)	64,198,210
Profit before taxation	2,837,345	18,095	(3,527)	2,851,913
Income tax expense	(375,777)	(2,410)	–	(378,187)
Profit for the year	2,461,568	15,685	(3,527)	2,473,726
As at 31 December 2024				
Non-current assets	8,106,628	1,438	(60,465)	8,047,601
Current assets	73,253,481	234,693	(22,436)	73,465,738
Total assets	81,360,109	236,131	(82,901)	81,513,339
Current liabilities	47,764,390	112,090	(22,436)	47,854,044
Non-current liabilities	2,077,800	10	–	2,077,810
Total liabilities	49,842,190	112,100	(22,436)	49,931,854
NET ASSETS	31,517,919	124,031	(60,465)	31,581,485
Equity				
Share capital	4,397,881	5,500	(5,500)	4,397,881
Reserves	27,111,392	118,531	(115,741)	27,114,182
Equity attributable to equity holders of the Company	31,509,273	124,031	(121,241)	31,512,063
Non-controlling interests	8,646	–	60,776	69,422
TOTAL EQUITY	31,517,919	124,031	(60,465)	31,581,485

41. Business Combinations under Common Control (Continued)

	The Group excluding KSD	Shanghai KSD Bulk Solids Engineering Co., Ltd.	Adjustments	The Group including KSD
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023				
Revenue	56,220,641	160,051	(27,399)	56,353,293
Profit before taxation	2,764,053	16,237	(5,303)	2,774,987
Income tax expense	(428,375)	(2,505)	–	(430,880)
Profit for the year	2,335,678	13,732	(5,303)	2,344,107
As at 31 December 2023				
Non-current assets	8,405,638	2,227	(40,146)	8,367,719
Current assets	72,562,033	164,157	(4,177)	72,722,013
Total assets	80,967,671	166,384	(44,323)	81,089,732
Current liabilities	47,968,755	58,026	(5,285)	48,021,496
Non-current liabilities	2,151,201	12	–	2,151,213
Total liabilities	50,119,956	58,038	(5,285)	50,172,709
NET ASSETS	30,847,715	108,346	(39,038)	30,917,023
Equity				
Share capital	4,418,544	5,500	(5,500)	4,418,544
Reserves	26,423,599	102,846	(86,628)	26,439,817
Equity attributable to equity holders of the Company	30,842,143	108,346	(92,128)	30,858,361
Non-controlling interests	5,572	–	53,090	58,662
TOTAL EQUITY	30,847,715	108,346	(39,038)	30,917,023
As at 1 January 2023				
Non-current assets	8,313,294	3,458	(37,266)	8,279,486
Current assets	70,369,169	239,727	(50,766)	70,558,130
Total assets	78,682,463	243,185	(88,032)	78,837,616
Current liabilities	46,475,288	144,579	(51,810)	46,568,057
Non-current liabilities	2,170,383	1,122	(1,367)	2,170,138
Total liabilities	48,645,671	145,701	(53,177)	48,738,195
NET ASSETS	30,036,792	97,484	(34,855)	30,099,421
Equity				
Share capital	4,428,000	5,500	(5,500)	4,428,000
Reserves	25,603,512	91,984	(77,064)	25,618,432
Equity attributable to equity holders of the Company	30,031,512	97,484	(82,564)	30,046,432
Non-controlling interests	5,280	–	47,709	52,989
TOTAL EQUITY	30,036,792	97,484	(34,855)	30,099,421

42. Contingencies

The Group has been named in a number of lawsuits and other legal proceedings arising in the ordinary course of business. Provisions have been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits based on management's judgments and the legal advice. No provision has been made for pending lawsuits when the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable.

It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for (Note 34).

43. Significant Related Party Transactions and Balances

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to control or common control. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

In addition to the related party information shown elsewhere in this report, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the year ended 31 December 2024 and 2023 and balances as at 31 December 2024 and 31 December 2023.

The transactions with related parties are carried out on pricing and settlement terms agreed with counter parties in the ordinary course of business.

43. Significant Related Party Transactions and Balances (Continued)

(a) Significant related party transactions and year end balances arising with the Sinopec Group, fellow subsidiaries, associates, joint ventures of fellow subsidiaries and associates of fellow subsidiaries:

	2024	2023
	RMB'000	RMB'000
		(Restated)
Construction and services provided to		
– Ultimate holding company	1,085	–
– Joint ventures of fellow subsidiaries	1,166,581	2,540,999
– Associates of fellow subsidiaries	2,304,519	1,742,248
– Fellow subsidiaries	20,506,099	27,686,658
– Associates	–	137,183
	23,978,284	32,107,088
Construction and services received from		
– Ultimate holding company	24,629	15,709
– Joint ventures of fellow subsidiaries	3,789	2,516
– Associates of fellow subsidiaries	183	578
– Fellow subsidiaries	2,651,653	2,406,431
– Associates	–	1,518
	2,680,254	2,426,752
Technology research and development provided to		
– Ultimate holding company	3,462	6,057
– Fellow subsidiaries	233,164	240,245
– Joint Ventures of fellow subsidiaries	1,651	1,396
	238,277	247,698
General services provided to		
– Associates of fellow subsidiaries	426	449
– Fellow subsidiaries	6,639	4,634
	7,065	5,083
General services received from		
– Fellow subsidiaries	59,832	62,231
Interest income on loans		
– Ultimate holding company	561,423	606,408
Interest expense on borrowings		
– Fellow subsidiaries	7,085	9,005
Expenses in relation to settlement and other financial services		
– Fellow subsidiaries	2,638	2,991
Deposit interest income from fellow subsidiaries	141,837	136,441

43. Significant Related Party Transactions and Balances (Continued)

(a) Significant related party transactions and year end balances arising with the Sinopec Group, fellow subsidiaries, associates, joint ventures of fellow subsidiaries and associates of fellow subsidiaries: (Continued)

	2024	2023
	RMB'000	RMB'000
		(Restated)
Deposits and time deposits placed in fellow subsidiaries	**7,479,079**	7,583,573

The majority of these significant related party transactions with Sinopec Group and fellow subsidiaries also constitute continuing connected transactions as defined under Chapter 14A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

Apart from transactions with Sinopec Group, fellow subsidiaries, associates, joint ventures of fellow subsidiaries and associates of fellow subsidiaries, the Group has transactions with other state-owned enterprises including but not limited to the following:

– Sales and purchases of goods and services;

– Purchases of assets;

– Lease of assets; and

– Bank deposits and borrowings.

In the ordinary course of business, the Group sells goods and services to, and purchase goods and services from other state-owned enterprises based on terms as set out in the underlying agreements, market price or actual cost incurred, or as mutually agreed.

In the ordinary course of business, the Group places deposits and borrowings mainly in state-owned financial institutions. The deposits and borrowings are in accordance with terms as set out in the respective agreement, and the interest rates are set at prevailing market rates.

Apart from the disclosure of loans due from the ultimate holding company in Note 26, trade receivables, prepayments and other receivables are unsecured, interest free and repayable on demand.

43. Significant Related Party Transactions and Balances (Continued)

(b) Key management personnel remuneration

Key management includes directors, supervisors, and other key management personnel to the Board of Directors. The compensation paid or payable to key management for employee services is shown below:

	2024	2023
	RMB'000	RMB'000
Fee	767	633
Basic salaries, other allowances and benefits-in-kind	5,310	5,583
Discretionary bonus (i)	9,726	11,919
Contributions to pension plans	1,846	2,027
	17,649	20,162

(i) The Group determines and pays discretionary bonus based on the actual financial results and performance of employee.

44. Reconciliations of Liabilities Arising from Financing Activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Loans due to a fellow subsidiary – current	Loans due to a fellow subsidiary – non-current	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	148,103	–	129,070	277,173
Cash-flow:				
– Drawdown	12,000	21,461	–	33,461
– Capital element of lease rentals paid	–	–	(80,492)	(80,492)
– Interest element of lease rentals paid	–	–	(6,248)	(6,248)
– Repayment	(83,287)	–	–	(83,287)
Non-cash:				
– Entered into new lease	–	–	106,862	106,862
– Interest expenses	–	–	6,248	6,248
– Modification	–	–	(3,670)	(3,670)
– Exchange difference	3,886	–	958	4,844
At 31 December 2023 and 1 January 2024	**80,702**	**21,461**	**152,728**	**254,891**
Cash-flow:				
– Drawdown	**87,496**	**42,952**	**–**	**130,448**
– Capital element of lease rentals paid	**–**	**–**	**(51,095)**	**(51,095)**
– Interest element of lease rentals paid	**–**	**–**	**(11,014)**	**(11,014)**
– Repayment	**(60,437)**	**(23,600)**	**–**	**(84,037)**
Non-cash:				
– Entered into new lease	**–**	**–**	**323,752**	**323,752**
– Interest expenses	**–**	**–**	**11,014**	**11,014**
– Modification	**–**	**–**	**(3,271)**	**(3,271)**
– Exchange difference	**1,503**	**–**	**142**	**1,645**
At 31 December 2024	**109,264**	**40,813**	**422,256**	**572,333**

45. Particulars of Principal Subsidiaries

As at 31 December 2024, the Company has direct and indirect interests in the following principal subsidiaries:

Name	Establishment/Place of incorporation and type of legal entity	Registered and fully paid capital	Effective interest held		Principal activities and place of operation
			Direct held	Indirect held	
		RMB' 000			
SEI (中國石化工程建設有限公司)	The PRC/Limited liability company	500,000	100%	–	Engineering contracting, engineering and consulting/The PRC
LPEC (中石化洛陽工程有限公司)	The PRC/Limited liability company	500,000	100%	–	Engineering contracting, engineering and consulting/The PRC
SSEC (中石化上海工程有限公司)	The PRC/Limited liability company	500,000	100%	–	Engineering contracting, engineering and consulting/The PRC
SNEC (中石化寧波工程有限公司)	The PRC/Limited liability company	500,000	100%	–	Engineering contracting, design, equipment manufacturing/The PRC
SNEI (中石化南京工程有限公司)	The PRC/Limited liability company	556,005	100%	–	Engineering contracting, design/The PRC
FCC (中石化第四建設有限公司)	The PRC/Limited liability company	350,000	100%	–	Engineering contracting/The PRC
SFCC (中石化第五建設有限公司)	The PRC/Limited liability company	350,000	100%	–	Engineering contracting/The PRC
TCC (中石化第十建設有限公司)	The PRC/Limited liability company	350,000	100%	–	Engineering contracting/The PRC
Sinopec Guangzhou Engineering Co., Ltd. (中石化廣州工程有限公司)	The PRC/Limited liability company	300,000	100%	–	Engineering contracting, engineering and consulting/The PRC
Ningbo Institute (中石化寧波技術研究院有限公司)	The PRC/Limited liability company	10,000	100%	–	Technical services/The PRC
Sinopec Heavy Lifting and Transportation Co., Ltd. (中石化重型起重運輸工程有限責任公司)	The PRC/Limited liability company	500,000	100%	–	Engineering contracting technical service, equipment selling and leasing/The PRC
Sinopec Engineering Group Saudi Arabia Co., Ltd. (中石化煉化工程(集團)股份有限公司沙特公司)	Saudi Arabia/Limited liability company	33,558 (SAR18,000,000)	100%	–	Engineering contracting/Saudi Arabia
Sinopec Engineering Group America, L.L.C (中石化煉化工程(集團)股份有限公司美國公司)	United States/Limited liability company	3,075 (USD500,000)	100%	–	Engineering contracting, engineering and consulting/United States
Sinopec Energy Management Co., Ltd. (中石化節能技術服務有限公司)	The PRC/Limited liability company	500,000	100%	–	Technical service, contractual energy management and engineering research/The PRC
SINOPEC Engineering Group Malaysia SDN BHD (中石化煉化工程(集團)股份有限公司馬來西亞公司)	Malaysia/Limited liability company	5,158 (MYR360,700)	100%	–	Engineering contracting/Malaysia
Sinopec Shanghai Pharmaceutical Industry Designing Institute Co., Ltd. (中石化上海醫藥工業設計研究院有限公司)	The PRC/Limited liability company	8,000	–	100%	Medicine, pesticide, chemical research/The PRC
Shanghai Petrochemical Machine Manufacturing Co., Ltd. (上海石化機械製造有限公司)	The PRC/Limited liability company	133,640	–	100%	Petrochemical equipment manufacturing/The PRC
Ningbo Tianyi Equipment Technology Co., Ltd. (寧波天翼裝備技術有限公司)	The PRC/Limited liability company	60,000	–	100%	Petrochemical equipment design, manufacturing and installation/The PRC
Ningbo Tianyi Petrochemical Heavy Equipment Manufacturing Co., Ltd. (寧波天翼石化重型設備製造有限公司)	The PRC/Limited liability company	60,000	–	97%	Petrochemical equipment manufacturing and installation/The PRC
SINOPEC Engineering Group (Thailand) Co., Ltd. (中石化煉化工程(集團)股份有限公司泰國公司)	Thailand/Limited liability company	356 (THB2,000,000)	–	100%	Engineering contracting/Thailand
Shanghai KSD Bulk Solids Engineering Co., Ltd. (上海金申德粉體工程有限公司)	The PRC/Limited liability company	5,500	–	51%	Powder engineering services/The PRC

45. Particulars of Principal Subsidiaries (Continued)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, results in particulars of excessive length.

46. Comparative Figures

Certain comparative figures have been reclassified to conform the current year's presentation of the consolidated financial statements.

中国石化
SINOPEC

中石化炼化工程(集团)股份有限公司
SINOPEC ENGINEERING (GROUP) CO., LTD.

Address: A67, Ande Road, Xicheng District, Beijing, PRC
Web: www.segroup.cn
Email: seg.ir@sinopec.com

Printed on environmentally friendly paper