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

2025
INTERIM 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 interim report and are hereby jointly and severally liable for the authenticity, accuracy and completeness of the content hereof. Mr. ZHAO Jinsong, a Director, did not attend the seventh meeting of the fifth session of the Board (the "**Meeting**") due to official duties, and he authorised Mr. YE Zheng, a Director, to attend the Meeting and to vote on his behalf. Mr. JIANG Dejun (Chairman of the Board), Mr. ZHANG Xinming (Executive Director and President), Mr. YIN Fengbing (Chief Financial Officer and Secretary to the Board) and Ms. WANG Lihui (Head of the finance department) warrant the authenticity, accuracy and completeness of the financial statements contained in this interim report.

The interim financial statements for the six months ended 30 June 2025 (the "**Reporting Period**") of SINOPEC SEG and its subsidiaries (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 interim 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 those indicated by the forward-looking statements due to various factors. The forward-looking statements contained in this interim report were made by the Company as at 15 August 2025 and, unless otherwise required by the relevant regulatory authorities, the Company undertakes no obligation or responsibility to update these statements.

This interim report is printed in both Chinese and English. Should there be any discrepancy between the English and the Chinese version, the Chinese version shall prevail.

CONTENTS

COMPANY PROFILE

The Group is an energy and chemical engineering company with strong international competitiveness and a history of over 70 years. The Group's business covers petrol refining, petrochemicals, aromatics, new coal chemicals, inorganic chemicals, pharmaceutical chemicals, clean energy, storage and transportation facilities, environmental protection and energy saving and other industries. The Group is able to provide comprehensive solutions along the whole industry chain and throughout the full lifecycle to its global customers covering services such as 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 successfully delivered hundreds of modern factories with large investment, complex process, advanced technology and high quality for customers in more than 30 countries and regions around the world; and has an extensive and stable customer base and enjoys strong industry influence and good social reputation.

In the future, the Group will adhere to the development positioning of "Integrated Service Provider in the Whole Industry Chain and throughout the Full Lifecycle of the Energy and Chemical Industry", consolidate its footprint in the energy and petrochemical engineering construction industry, expand its business operations, extend its value chain, comprehensively improve the quality level of safe, efficient, green and low-carbon service in the business chain and create a new momentum in achieving the corporate vision of "Building the World's Leading Technology-driven Engineering Company".

GENERAL 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 SECRETARIES

Mr. YIN Fengbing

Ms. Ng Sau Mei

REGISTERED ADDRESS

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

OFFICE 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 INTERIM REPORT IS PUBLISHED

Website designated by The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"):

http://www.hkexnews.hk

The Company's website:

http://www.segroup.cn

PLACE WHERE THIS INTERIM 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 SHORT NAME AND STOCK CODE

H Shares: Hong Kong Stock Exchange

Stock short name: SINOPEC SEG

Stock code: 2386

UNIFORM SOCIAL CREDIT CODE

911100007109349087

NAMES AND 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

NAMES AND ADDRESSES OF LEGAL ADVISORS

PRC:

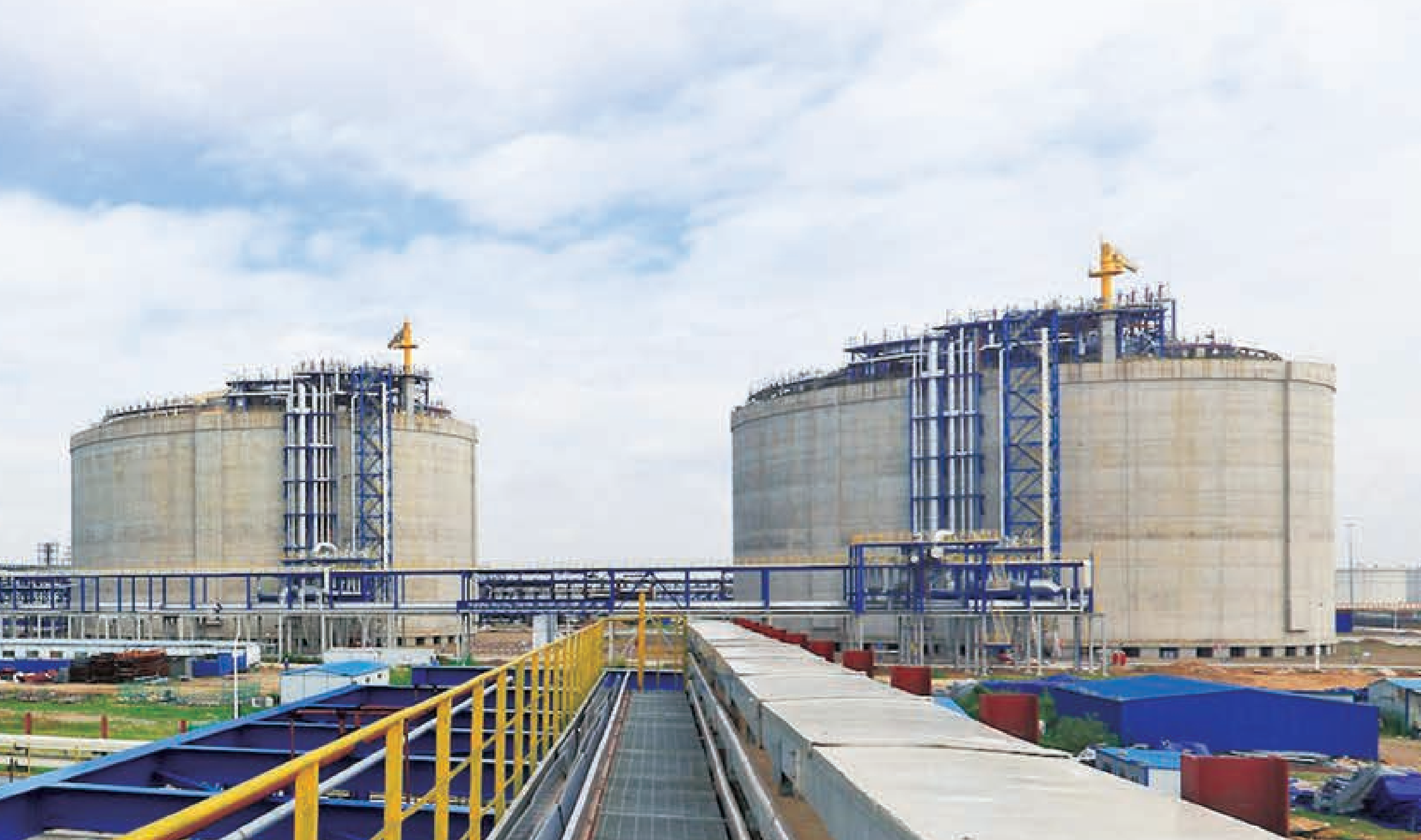
Haiwen & Partners

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

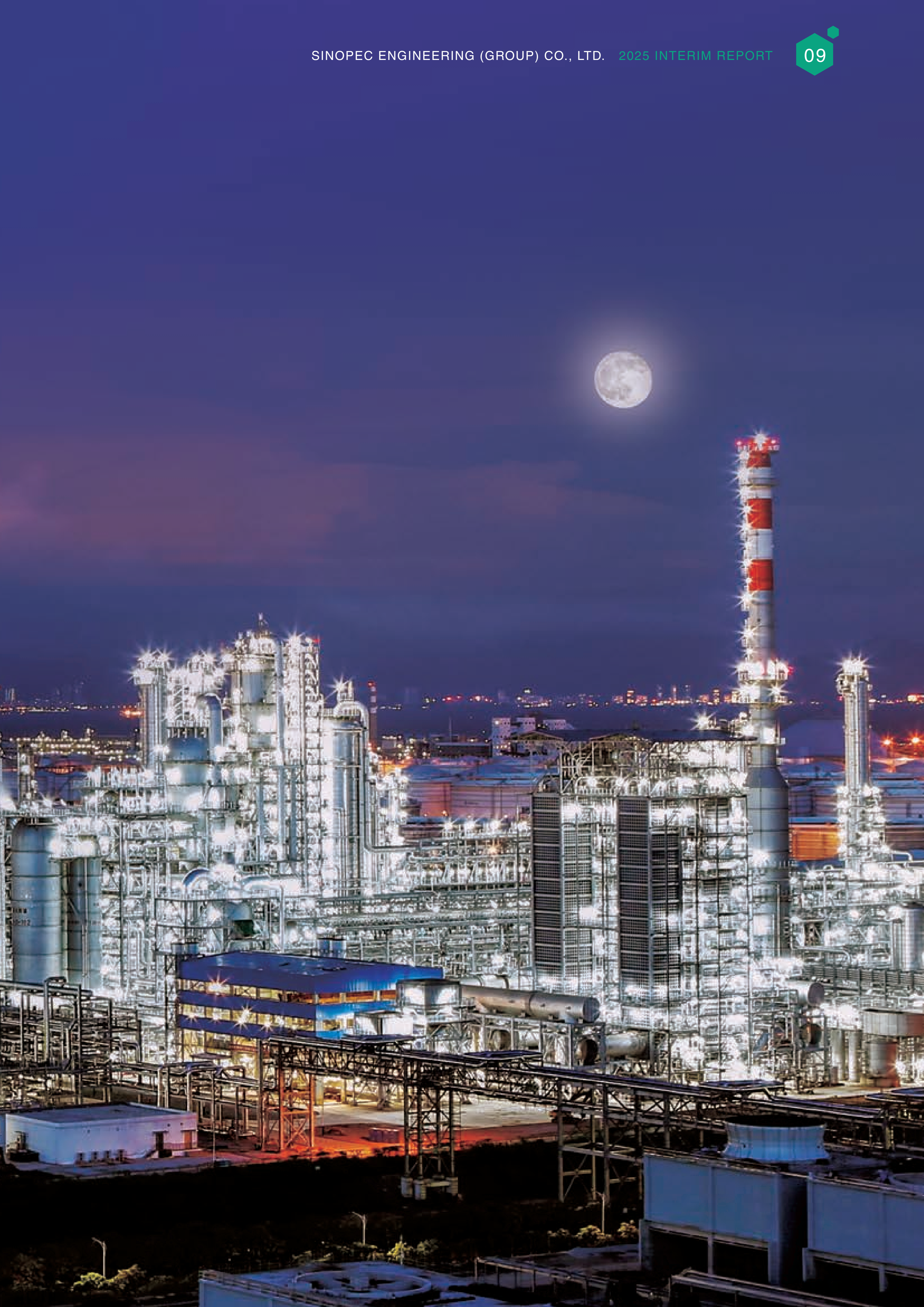
Hong Kong, the PRC:

Zhong Lun Law Firm LLP

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



PRINCIPAL FINANCIAL DATA AND INDICATORS



Principal Financial Data and Indicators

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

Unit: RMB'000

Items	As at 30 June 2025	As at 31 December 2024	Changes from the end of 2024 (%)
Current assets	**80,703,154**	73,465,738	9.9
Non-current assets	**7,697,040**	8,047,601	(4.4)
Current liabilities	**54,399,236**	47,854,044	13.7
Non-current liabilities	**1,959,133**	2,077,810	(5.7)
Consolidated equity attributable to equity holders of the Company	**31,968,263**	31,512,063	1.4
Net assets per share of equity holders of the Company (RMB)	**7.28**	7.17	1.4

Unit: RMB'000

Items	Six-month period ended 30 June		Changes over the same period of 2024 (%)
	2025	2024	
Revenue	**31,558,914**	28,654,028	10.1
Gross profit	**2,599,279**	2,508,158	3.6
Operating profit	**1,159,485**	936,440	23.8
Profit before taxation	**1,609,334**	1,519,455	5.9
Profit attributable to equity holders of the Company	**1,383,520**	1,319,795	4.8
Basic earnings per share (RMB)	**0.32**	0.30	4.8
Net cash flow generated from/(used in) operating activities	**3,300,741**	(4,163,942)	–
Net cash flow generated from/(used in) operating activities per share (RMB)	**0.75**	(0.94)	–

Note: The comparative figures in the interim report have been restated because 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 regarded as a business combination under common control.

Items	Six-month period ended 30 June	
	2025	2024
Gross profit margin (%)	8.2	8.8
Net profit margin (%)	4.4	4.6
Return on assets (%)[1]	1.6	1.6
Return on equity (%)[2]	4.3	4.2
Return on invested capital (%)[3]	4.4	4.3

Item	As at 30 June 2025	As at 31 December 2024
Asset-liability ratio (%)[4]	63.8	61.3

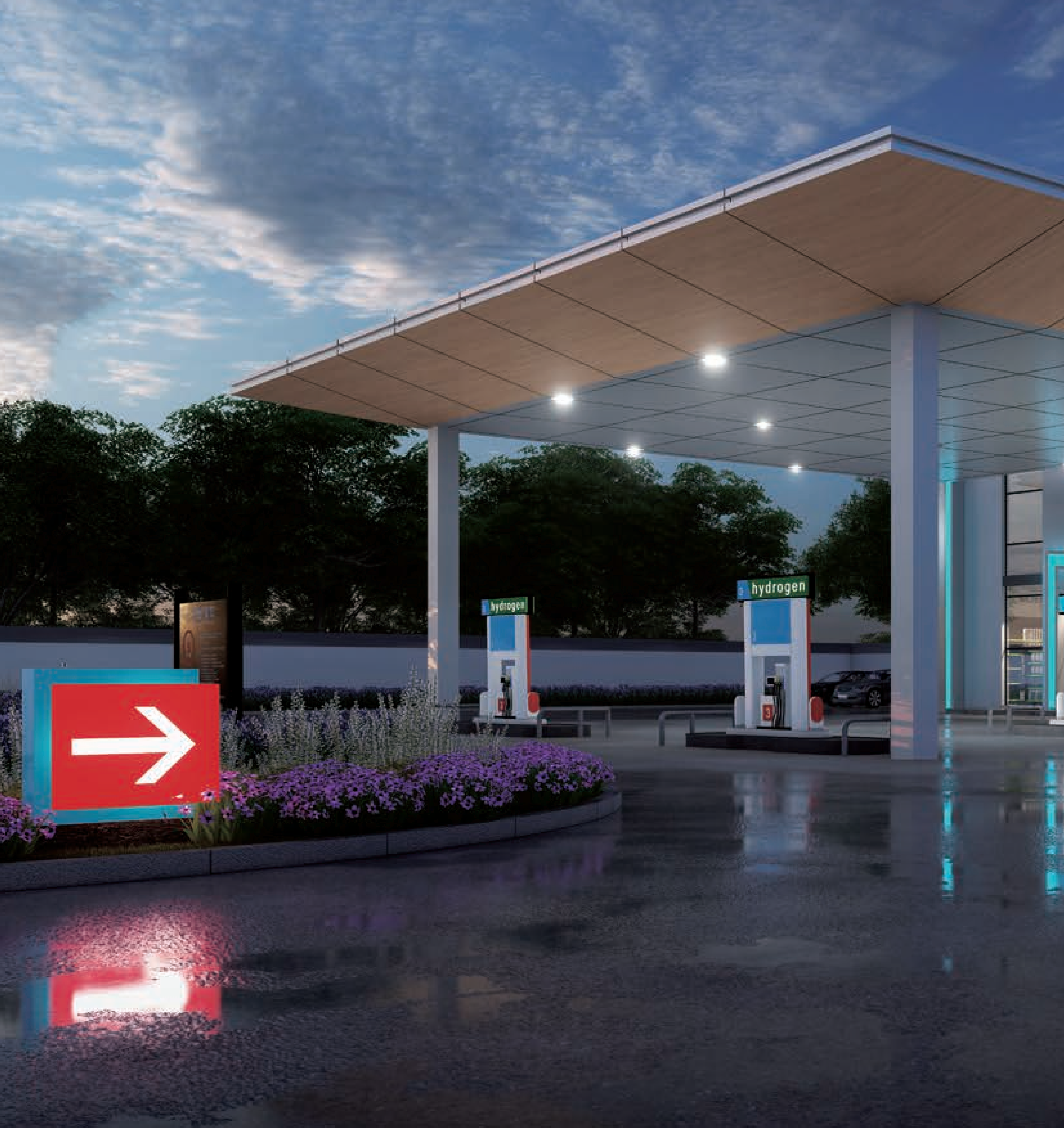
(1) Return on assets = $\dfrac{\text{Profit for the period}}{\text{(The opening total assets + The closing total assets)/2}}$

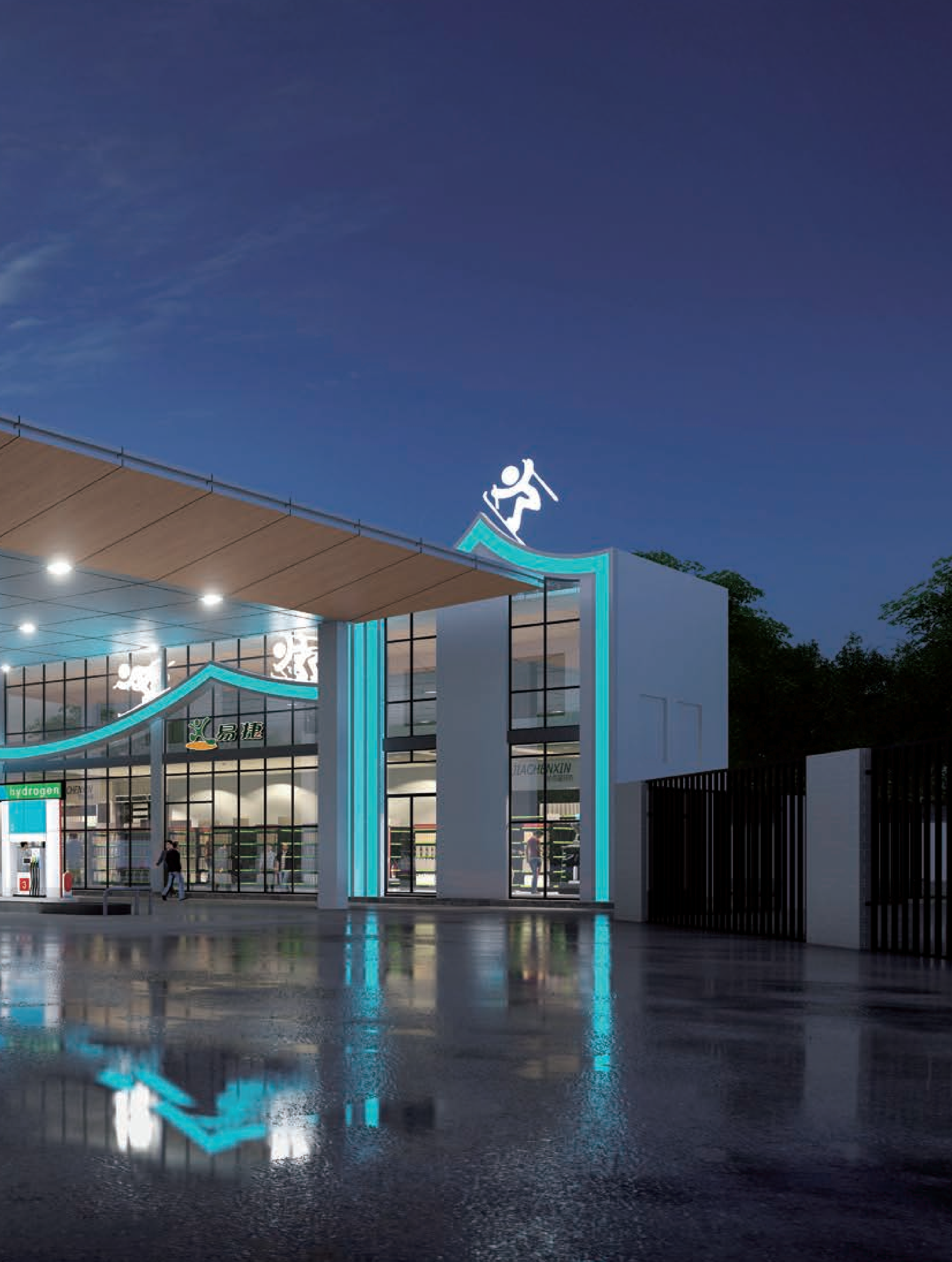
(2) Return on equity = $\dfrac{\text{Profit for the period}}{\text{Total equity at the end of the period}}$

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

(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




易捷
hydrogen

Changes in Share Capital and Shareholdings of Substantial Shareholders

1 Changes in the Share Capital of the Company

Unit: Share

	As at 31 December 2024		Increase/Decrease of this change (+, -)			As at 30 June 2025	
	Number	Percentage (%)	New shares issued	Others	Subtotal	Number	Percentage (%)
Domestic Shares	2,967,200,000	67.47	–	–	–	2,967,200,000	67.53
Foreign shares listed overseas (H Shares)	1,430,681,000	32.53	–	-3,720,500	-3,720,500	1,426,960,500	32.47
Total number of shares	4,397,881,000	100.00	–	-3,720,500	-3,720,500	4,394,160,500	100.00

2 Shareholdings of Substantial Shareholders

As at the end of the Reporting Period, there were a total of 851 shareholders of the Company. As at 15 August 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	0	2,747,220,000	–	62.52	92.59
HKSCC NOMINEES LIMITED(1)	-3,070,000	–	1,423,106,780	32.39	99.73
China National Petroleum Corporation	0	219,980,000	–	5.01	7.41
HUI MO CHEE	0	–	870,000	0.02	0.06
HUI SIU SHUN WAN	0	–	450,000	0.01	0.03
WONG CHOK SHUN	0	–	300,000	0.01	0.02
WONG SIU JUNK	0	–	200,000	0.00	0.01
LAM YICK KEUNG GEORGE	0	–	150,000	0.00	0.01
RIGHT TIME HOLDINGS LIMITED	+100,000	–	100,000	0.00	0.01
HUI TSING KIT KATE	+60,000	–	60,000	0.00	0.00
Statement on the connected relationship or acting in concert among or between the aforementioned shareholders	The Company is not aware of any connected relationship or acting in concert among or between the aforementioned top ten shareholders				

Note:
(1) including the H shares of the Company held by FMR LLC and Fidelity Investment Trust.

(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 persons (other than the Directors, the chief executives of the Company or the Supervisors of the Company (the "Supervisors")) had any interests or short positions in the shares or underlying shares or debentures of the Company 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 were recorded in the register kept under Section 336 of the SFO, or were, 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)	62.52(L)
China National Petroleum Corporation[2]	Domestic Share	Beneficial owner	219,980,000(L)	7.41(L)	5.01(L)
FMR LLC[3]	H Share	Interests of controlled corporation	142,431,461(L)	9.98(L)	3.24(L)
Fidelity Investment Trust[4]	H Share	Interests of controlled corporation	73,184,819(L)	5.13(L)	1.67(L)

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

Notes:

(1) China Petrochemical Corporation ("Sinopec Group") directly and/or indirectly holds 2,747,220,000 domestic shares, representing 92.59% of the domestic shares and approximately 62.52% 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 ("CNPC") directly holds 219,980,000 domestic shares, representing 7.41% of the domestic shares and approximately 5.01% 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.

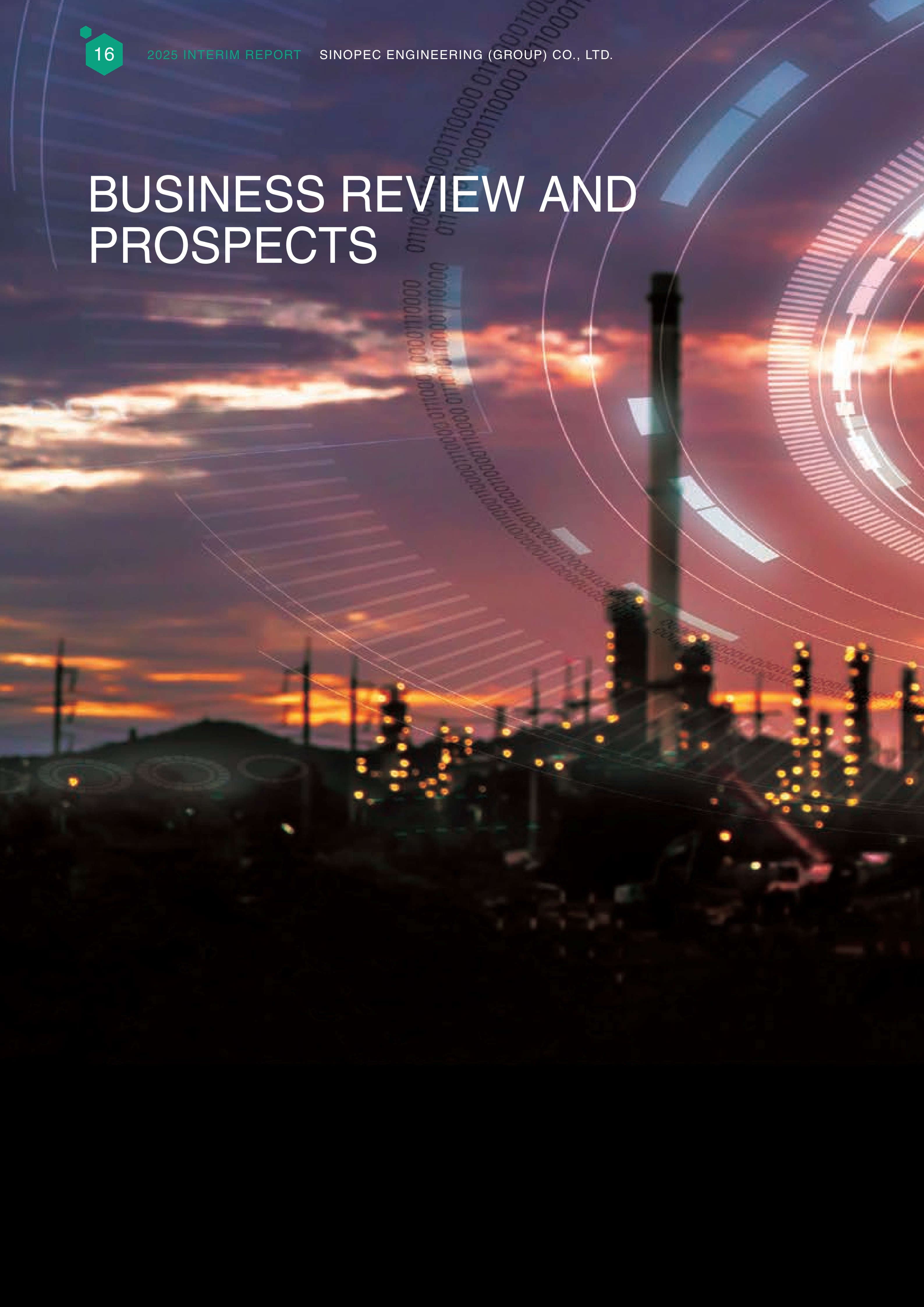
(3) The information is based on the Corporate Substantial Shareholders Notice filed by FMR LLC with the Hong Kong Stock Exchange on 21 January 2025, and such shares are included in the total number of shares held by HKSCC Nominees Limited.

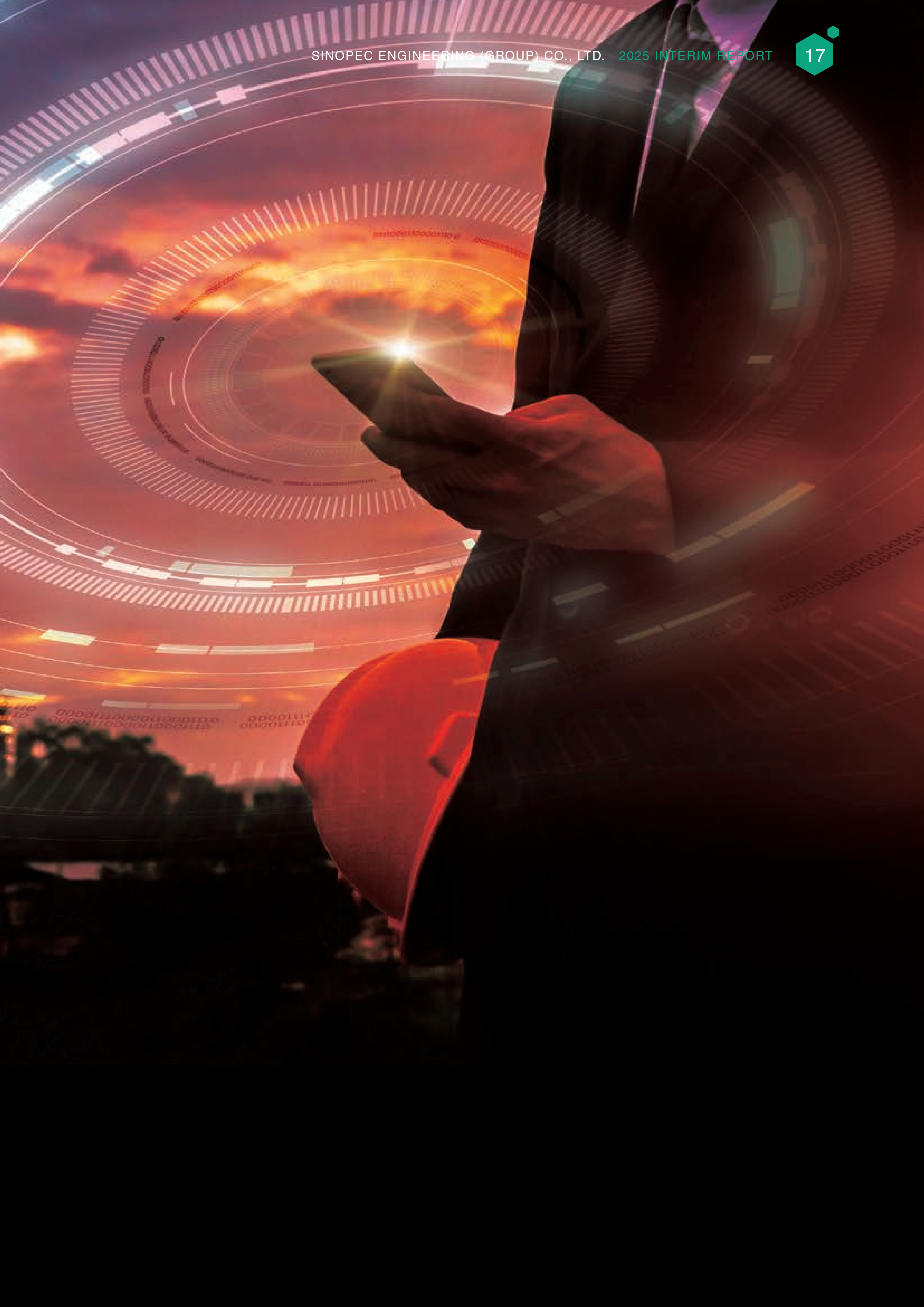
(4) The information is based on the Corporate Substantial Shareholders Notices filed by Fidelity Investment Trust with the Hong Kong Stock Exchange on 23 November 2023, and such shares are included in the total number of shares held by HKSCC Nominees Limited.

(5) It is calculated on the basis that the Company has issued 2,967,200,000 Domestic Shares or 1,426,960,500 H Shares as at the end of the Reporting Period.

(6) It is calculated on the basis that the Company has issued 4,394,160,500 Shares in total as at the end of the Reporting Period.

BUSINESS REVIEW AND PROSPECTS





1 Business Review

In the first half of 2025, the Board of Directors, management, and all cadres and employees of the Company worked in unity. We focused on optimizing existing assets, seeking incremental growth, strengthening our foundation and managing risks. With steadfast commitment to high quality development to counter external uncertainties, we achieved a series of new progress and accomplishments.

First, we upheld our positioning of "technological innovation plus engineering services," enhancing our value creation capabilities in "engineering services, technological innovation and capital operations", with business performance growing for three consecutive years. In the Reporting Period, the Group's ongoing projects progressed steadily, generating revenue of RMB31.559 billion, up 10.1% year on year, and net profit of RMB1.388 billion, up 4.8% year on year, supported by synergistic gains across engineering, technology, and capital. In the Reporting Period, the Group continued driving technological innovation, with newly signed technology development, licensing, and transformation contracts amounting to RMB 720 million, steadily enhancing our research profitability. Our technology driven advantages led to steady growth and rising share in front-end and EPC businesses. The continuous improvement of revenue structure has reinforced our profitability resilience in the face of fierce market competition.

Second, we adhered to the "customer-centric" philosophy, building a competitive edge through "high level front end engineering capabilities plus optimal cost project execution capabilities" and achieving growth both in scale and quality of market development. In the Reporting Period, the Group newly signed EPC contracts for large scale domestic and overseas projects, including the Refining Upgrading and Ethylene Project in Sinopec Maoming Petrochemical Company* (中國石油化工股份有限公司茂名分公司) ("Maoming Ethylene Project") and the Hassi Messaoud Refinery Project in Algeria ("Hassi Refinery Project"), with newly signed contract value hitting a record high for the period, up 42.1% year on year to RMB 71.158 billion. Our order structure continued to improve, with front end, design, and EPC contracts accounting for 80% of new orders, further strengthening the foundation for high quality growth. Targeting a goal of over one third of revenue from international business, the Group's overseas orders maintained rapid growth, with newly signed contracts worth USD4.302 billion in the Reporting Period, representing an 82.7% year on year increase. Our front end business capabilities are earning broader recognition in global markets; In the Reporting Period, we signed a FEED contract for the ADNOC NGL-5 Natural Gas Condensate Processing Plant Project in the UAE (the "UAE NGL Project"), and signed a FEED + convertible EPC contract for the ACWA Large Scale Green Hydrogen Project in Yasref, Saudi Arabia in July 2025.

Third, we remained committed to the principle of "investor-oriented governance," focusing on capital market concerns, enhancing corporate governance continuously, and driving value realization, with continued improvements in the quality of our listed company status. In the Reporting Period, we advanced our "Green and Clean" strategy by establishing Sinopec Environmental Technology Co., Ltd. ("Environmental Technology"), a specialized platform for environmental management with a view to capture the trillion-RMB market in the future and helping protect clear water, blue sky and clean land. Our ESG case was selected for the Ministry of Ecology and Environment's demonstration list; our Wind ESG rating was elevated to AA, maintaining the highest level in the industry; and we won the "2024 Best ESG Practice Award" among Chinese listed companies from Wind. The Board places great importance on shareholder returns, and shares our high quality development results through ongoing "share buyback + cash dividend" programs. Considering profitability, shareholder returns, and sustainable development needs in the future of the Company, the Board resolved to distribute an interim dividend of RMB0.160 per share. The payout amount set new records since the Company's listing.

(1) Operating Environment

In 2025, the transformation and upgrading of China's domestic energy and chemical industry has accelerated, and the extension and deepening of the industrial chain have been deepened. Oil-to-chemical products, oil-to-specialty products, and high-end transformation have become key development trends, providing strong support for the fundamentals of the Group's domestic market. At the same time, new development paths such as CCUS (carbon capture, utilization and storage), zero-carbon energy substitution, renewal of old equipment, and innovation in green and low-carbon technologies continued to inject new momentum into the Group's development.

Globally, the Gulf region of the Middle East remains the largest market for oil, gas, and refining and chemical capacity expansion. Central Asia has strong complementarity with China in terms of production capacity, capital, and engineering technologies, leading to more active investment in petrochemicals and natural gas chemicals. The rapid economic growth in Southeast Asia has driven the expansion of demand for refined oil, natural gas, and chemical products; and economic development and industrialization needs in Africa and Latin America offer significant market potential.

(2) Operation Overview

During the Reporting Period, the Group's total revenue was RMB31.559 billion, representing a year-on-year increase of 10.1%; profits attributable to equity holders of the Company were RMB1.384 billion, representing a year-on-year increase of 4.8%.

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:

	For the six months ended 30 June				
	2025		2024		
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Change
	(RMB'000)	(%)	(RMB'000)	(%)	(%)
Engineering, consulting and licensing	1,903,031	5.6	1,527,996	4.8	24.5
EPC Contracting	19,070,130	55.7	16,782,566	52.8	13.6
Construction	12,884,988	37.6	13,089,648	41.2	(1.6)
Equipment manufacturing	372,093	1.1	367,216	1.2	1.3
Subtotal	34,230,242	100.0	31,767,426	100.0	7.8
Total (after inter-segment elimination)(1)	31,558,914	N/A	28,654,028	N/A	10.1

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 RMB71.158 billion, representing a year-on-year increase of 42.1%. As at the end of the Reporting Period, the backlog of the Group amounted to RMB212.276 billion, representing an increase of 22.9% as compared with 31 December 2024, and 3.3 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 six-month period ended 30 June 2025	For the six-month period ended 30 June 2024	Change
	(RMB'000)	(RMB'000)	(%)
New contract	71,158,158	50,066,087	42.1

	As at 30 June 2025	As at 31 December 2024	Change
	(RMB'000)	(RMB'000)	(%)
Backlog	212,275,823	172,676,580	22.9

During the Reporting Period, the Group's capital expenditure was RMB217 million, representing a year-on-year decrease of 9.1%. 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, 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 30 June 2025	As at 30 June 2024	Change
	(RMB'000)	(RMB'000)	(%)
Capital expenditure	216,922	238,665	(9.1)

(3) Business Highlights

Maintaining a good performance of QHSE

During the Reporting Period, the Group had 1,770 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 165 million with no safety, quality or environmental protection incidents reported, achieving the goal of safe, high-quality and clean production.

During the Reporting Period, the Group comprehensively promoted the establishment of the work safety standardization team, continuously required three types of key management personnel including group leaders, team leaders and subcontractors to provide services with certification, and completed the training covering all the strategic subcontractors. The special evaluation and inspections on the design of pressure vessels and pressure pipelines were carried out to reduce the HSE risks from the source. The Group developed and established an operation supervision platform for "major hazardous projects" which adopts three-level control and whole-process informatization dynamic monitoring and establishes a problem database in the refining and chemical engineering segment. Focusing on the four major goals of carbon reduction, pollution reduction, efficiency improvement and green development, the Group initiated the second stage of green enterprise action for energy conservation and emission reduction at the design source, and comprehensively promoted green construction.

Quantitative and qualitative increase in market development

During the Reporting Period, the value of new contracts signed by the Group was RMB71.158 billion, hitting a new record high for the same period, representing a year-on-year increase of 42.1%. Among which, the value of newly signed domestic contracts was approximately RMB40.182 billion, representing a year-on-year increase of 21.3%; the value of newly signed overseas contracts was approximately USD4.302 billion, representing a year-on-year increase of 82.7%.

In the domestic market, the Group continued to maintain overall competitiveness to continuously expand strategic emerging business such as new technologies, new materials and new energy while enhancing its core advantages in traditional businesses. During the Reporting Period, the representative newly signed domestic contracts included the EPC contract for the Maoming Ethylene Project with a total contract value of approximately RMB11.631 billion; the EPC contract for certain supporting refining units of Sinopec Luoyang Million-ton Ethylene Project (the "Luoyang Ethylene Project") with a total contract value of approximately RMB3.291 billion; the EPC contract for Sinopec Jiujiang 1.5 Million-ton/Year Aromatics and Refining Supporting Renovation Project (the "Jiujiang Aromatics Project") with a total contract value of approximately RMB1.961 billion; and the EPC contract for the MTO and olefin separation unit of China Energy Shenhua Baotou Coal-to-Olefin Upgrading Demonstration Project (the "Shenhua Baotou MTO") with a total contract value of approximately RMB1.697 billion. During the Reporting Period, the Group signed 197 new contracts in the emerging business fields with the value of approximately RMB7 billion. Among them, 35 contracts were awarded in the clean energy/new energy fields, with the value of new contracts of approximately RMB1.6 billion; 162 contracts were awarded in the emerging fields such as new materials, new technologies, energy conservation and environmental protection, with the value of new contracts of approximately RMB5.4 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, the representative newly signed overseas contracts included the FEED + convertible EPC contract for the UAE NGL Project; contract for the feasibility study of the project regarding the production of aviation fuels from biomass using gasification in Vietnam; the EPC contract for the Hassi Refinery Project in Algeria with a contract value of approximately USD2.058 billion; and the EPC contract for the polyethylene and utilities project of the Silleno Petrochemical Complex Project in Kazakhstan (the "Kazakhstan Silleno PE & UIO Project") with a contract value of approximately USD1.902 billion.

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

North Huajin United Petrochemical Fine Chemical and Raw Material Engineering Project (the "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 peak stage of construction and installation with an overall progress of nearly 80%.

PetroChina Jilin Petrochemical Refining and Chemicals Transformation and Upgrading Project Ethylene Plant ("Jihua Transformation and Upgrading Project") (EPC): 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 completed and delivered, and officially entered the stage of inputting production materials and conducting trial operation.

Maoming Ethylene Project (EPC): please refer to the announcement dated 15 April 2025 published by the Company for details of this project. As at the end of the Reporting Period, the project was in the stage of detailed design, and civil works commenced on site with an overall progress of over 20%.

Lianhong Gerun (Shandong) Integrated Project of New Energy Materials and Biodegradable Materials ("Lianhong New Materials Project") (EPC): please refer to the 2024 annual report dated 16 March 2025 published by the Company for details of this project. As at the end of the Reporting Period, the project was in the peak stage of construction and installation with an overall progress of over 70%.

China Coal Yulin Coal Deep Processing Base Project ("China Coal Yulin Coal Chemical Project") (EPC): please refer to the 2024 annual report dated 16 March 2025 published by the Company for details of this project. As at the end of the Reporting Period, the project was in the stage of detailed design, and civil works commenced on site with an overall progress of over 10%.

SINOPEC SABIC Petrochemical Fujian Gulei Ethylene and Downstream Deep Processing Consortium Project ("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 peak stage of construction and installation with an overall progress of nearly 70%.

Packages P1 and P2 of Saudi Aramco's Riyas NGL Project ("Saudi Riyas 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 30%.

Tank Farm and Integration Project with SATORP Refinery under Saudi AMIRAL Project ("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 procurement and construction with an overall progress of over 40%.

Saudi Aramco's Jafurah Gas Expansion Project Phase III ("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 in design and procurement stage. The construction work has started with an overall progress of over 20%.

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%.

Kazakhstan Silleno Project: (1) please refer to the announcement dated 22 September 2024 published by the Company for details of the ethane cracking (ECU) project (EPC). As at the end of the Reporting Period, the project is currently in the stage of design and procurement, construction work has been initiated with an overall progress of over 20%. (2) polyolefin and utilities (PE & UIO) project (EPC). As at the end of the Reporting Period, the project was contracted and related work was commenced.

Algerian Hassi Refinery Project (EPC): please refer to the announcement dated 15 April 2025 published by the Company for details of this project. As at the end of the Reporting Period, the project is currently in the peak stage of design and procurement, and construction preparations have been initiated with an overall progress of over 10%.

Algerian LNG/MTBE (EPCC) 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 60%.

Note: "EPC" refers to engineering, procurement and construction contracting, "EPCC" refers to engineering, procurement, construction and commissioning contracting.

Continuous progress in technology innovation

During the Reporting Period, leveraging our strengths in project integration, innovation, and engineering transformation, the Group continuously expanded open cooperation in science and technology innovation. We organized targeted technical exchanges with relevant institutes of the Chinese Academy of Sciences, Tsinghua University, Beijing University of Chemical Technology, and other universities, and deepened cooperation in areas such as carbonyl synthesis, green chemistry, energy conservation and carbon emission reduction, and CCUS. We also explored technology development and collaboration with companies such as NEXANT, SABIC, and TR, advancing the global reach of our technologies. After the Reporting Period, we successfully hosted the 12th World Congress of Chemical Engineering and the 21st Asia Pacific Confederation of Chemical Engineering Congress, Sub Forum 12 on “Process Industry Innovation and Process Systems Engineering Reinvention”. The meeting focused on intelligent manufacturing, digital enablement, and green and low carbon development, attracting nearly 200 global experts, scholars, corporate representatives, and industry leaders for knowledge exchange and joint exploration of new paths for technological innovation and high quality growth in the industry.

During the Reporting Period, the Group focused its efforts on key core technologies, including (1) Sinopec Tianjin’s 150,000 tons/year ALL-PE package technology development and industrial demonstration application plan is progressing. This series of high-performance polyethylene products have the characteristics of high strength, wear resistance, corrosion resistance and good biocompatibility, and have huge market potential especially in high-end medical materials and new energy materials. (2) Sinopec Hainan’s 60,000t/year PBST biodegradable material industrialization technology development and demonstration project has successfully produced qualified PBST products. Its products are of great significance to solve global white pollution and promote green and low-carbon development. (3) Sinopec Maoming’s 50,000 tons/year polyolefin elastomer (POE) industrial demonstration project has been successfully launched and qualified products have been produced. It has provided high-performance material solutions for the fields of new energy, automobiles and electronics. (4) The project “Research on the Application of Flux-Cored Wires in Petrochemical Carbon Steel Pipes” has successfully passed the acceptance check, improving construction efficiency and quality.

During the Reporting Period, the Group signed 187 new technology development contracts of various types with a total contract value of RMB469 million, and 38 new technology licensing and technology transformation contracts with a total contract value of RMB251 million.

During the Reporting Period, the Group filed 356 new patent applications, of which 71.9% were invention patents; and 103 newly licensed patents, of which 44.7% were invention patents. As at the end of the Reporting Period, the Group had 4,555 valid patents, of which 52% were invention patents. The quality of patents was consistently optimized.

During the Reporting Period, the Group received a total of 34 science and technology progress awards in scientific and technical innovation and engineering construction fields at the provincial and ministerial or above level. The Group also received seven provincial and ministerial-level quality engineering awards.

Leading new industrialization in the engineering and construction industry

The Group develops new quality productivity and builds its core competitiveness around innovation and practicality.

Artificial intelligence applications

During the Reporting Period, the Group continued to explore innovative applications of "AI for Science, AI for Design, AI for Engineering, AI for Construction and AI for Operation". We have conducted a number of research projects on AI, including in the field of design, building knowledge graphs to enhance design efficiency, exploring the transition from traditional to generative design, and in the field of construction, applying AI to optimize whole lifecycle engineering plans, shorten iteration cycles, improve scheduling, and boost overall construction efficiency. We organized research on smart design special projects in 13 key areas, including ethylene devices and HAZOP process safety, and formed professional models in various scenarios, such as design smart review, smart process safety analysis, and structural smart design. During the Reporting Period, the Group has already achieved key milestones in areas such as plant wide process optimization, intelligent drawing review, 3D model verification, and smart piping design.

Advanced automation technology and robot substitution

During the Reporting Period, the Group promoted advanced equipment and steadily shifted from conventional construction methods to a model characterized by "standardized lean design, factory based manufacturing, and modular installation". We are strengthening integrated capabilities across collaborative design, supply chain management, constructability studies, and project interface management, thereby enhancing quality and value creation across the industrial chain. Through digital and intelligent enablement, including the deployment of "machine OEM" smart equipment and automated production lines, we are transforming production organization, improving construction efficiency, and enhancing safety performance. We are advancing intelligent operations and maintenance, extending the scope and depth of digital plant delivery, developing a "digital twin" O&M platform, and piloting remote technical and intelligent support service centers for process operations.

During the Reporting Period, the Group continued to promote the research and development and application of high-efficiency automation technology such as automatic welding robots, intelligent equipment for intelligent welding demonstration production lines, remote control construction machinery and industrial robots, so as to effectively reduce costs and improve efficiency. During the Reporting Period, the Group continued to build the Efficient Automation Technology System and compiled a list of 86 high-efficiency construction equipment applications; prepared the Application Guide for Engineering Construction Intelligent Equipment, introducing 8 application equipment for welding, commissioning, inspection and measurement scenarios, 12 application equipment for supply chain intelligent management, intelligent engineering, green and low-carbon development and factory-based manufacturing scenarios, as well as intelligent equipment for special scenarios such as inspection and repair, demolition and non-destructive testing.

Informatization management and digital application

During the Reporting Period, the Group continued to optimize and integrate its corporate management systems and management processes, and promoted the data integration and the upgrading of integrated platforms for project management, construction management, intelligent construction sites and operation management businesses in accordance with the information application framework 2.0. The Group empowered supply chain collaboration through digital technology to develop intelligent supply chain management capabilities throughout the project life cycle, and implemented intelligent management of human resources, machinery and equipment, materials and other resources on construction sites, and formed standard procedures and intelligent management measures for the construction processes such as organization, operation, progress, quality and safety, to create standardized intelligent construction sites.

2 Business Outlook

The Group has set its target for market development of RMB63 billion for domestic market and USD5 billion for overseas market at the beginning of the year. Looking forward to the second half of the year, the Company will fully implement the work requirements of the Board, focus on tasks related to production and operation as well as reform and management, make every effort to achieve the annual production and operation targets. In the second half of the year, the Group will focus on the following tasks:

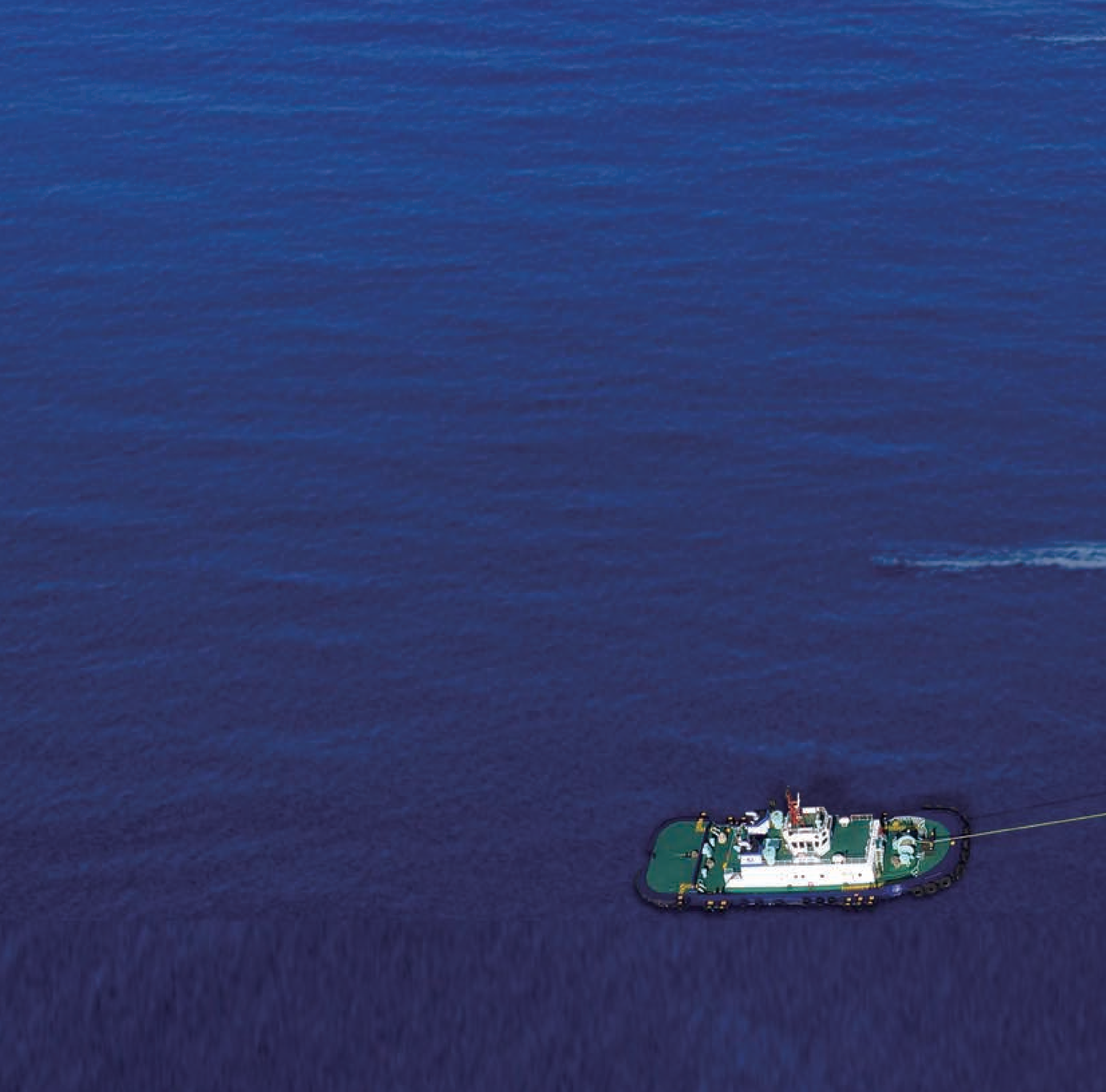
Firstly, the Group will adjust the structure to create new growth and strengthen market development with greater efforts. Domestically, the Group will seize market opportunities and focus on tracking services and development of key projects to strengthen our traditional advantages in petroleum chemical, coal chemical, and natural gas markets; actively explore new fields such as high-end carbon materials, sustainable aviation fuel, green hydrogen, green ammonia, and green methanol to foster new growth engines. The Group will accelerate its expansion into new markets, expand its customer base and make every effort to explore new opportunities in the market. Internationally, the Group will increase exchanges and cooperation with international energy licensors, high-quality strategic clients and engineering service peers. The Group will firmly pursue high-quality development in high-end and front-end businesses, extend to the front end of the engineering services value chain, focus on consulting, FEED, detailed design, and procurement, with construction-end businesses as supplements, so as to enhance the technological content and efficiency of engineering services. The Group will continue to deepen its development in traditional advantageous markets such as the Middle East, Central Asia and North Africa, while increasing its efforts in exploring emerging markets. Building on the advantages in traditional refining and chemical products, the Group will expand into new energy business such as green hydrogen, blue ammonia, green ammonia and circular economy.

Secondly, the Group will strengthen project management to promote the improvement of profitability. The Group will give full play to the advantages of an integrated whole industry chain, optimize the whole process of project management, and enhance the profitability of the entire chain of engineering construction. The Group will accelerate the promotion and application of research results such as design optimization and constructability, accelerate the application of advanced automation technology of "replacing labor with machines", and promote the construction of low-cost centers in the Middle East. The Group will continue to improve its contract performance capabilities, strengthen the risks identification and management in the whole process of projects, and further improve the management of schedule, revenue and cost planning, as well as contract modification and process settlement. By deepening the construction of QHSE management system, the Group strives to promote the efficiency of the management system, thereby laying a solid foundation for safe, environmentally friendly and green development.

Thirdly, the Group will adhere to an innovation-driven strategy and enhance the leading and driving role of research and development. The Group will leverage its advantages in the whole industry chain, technology, talents and capital to accelerate the deployment of technologies in new areas. Through strengthening open cooperation in scientific and technological innovation, effectively organizing the sourcing of technology with scientific research institutes and universities, the Group will accelerate the development of scientific and technological innovations and transformation and deepen technological cooperation with internationally renowned patent holders and engineering companies. The Group will accelerate the deployment of AI intelligent design, actively utilize digital technologies to upgrade traditional industries while deploying its resources in future industries. The marketing and promotion of the Group's technologies will be further strengthened, so as to continuously enhance the reputation and influence of the Group's technologies.

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 interim report. The relevant financial data below, unless otherwise stated, are extracted from the Group's audited financial statements prepared according to the IFRS Accounting Standards.



1 Consolidated Results of Operations

The following table sets forth the consolidated statement of profit or loss and comprehensive income statement of the Group for the indicated periods:

	For the six months ended 30 June				
	2025		2024		
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Change
	(RMB'000)	(%)	(RMB'000)	(%)	(%)
Revenue	31,558,914	100.0	28,654,028	100.0	10.1
Cost of sales	(28,959,635)	(91.8)	(26,145,870)	(91.2)	10.8
Gross profit	2,599,279	8.2	2,508,158	8.8	3.6
Other income/(loss)	139,080	0.5	(49,883)	(0.2)	–
Selling and marketing expenses	(63,461)	(0.2)	(62,608)	(0.2)	1.4
Administrative expenses	(594,917)	(1.9)	(515,618)	(1.8)	15.4
Research and development costs	(1,009,080)	(3.2)	(944,449)	(3.3)	6.8
Other operating income/(expenses)	67,601	0.2	(27)	(0.0)	–
Other gains – net	20,983	0.1	867	0.0	2,320.2
Operating profit	1,159,485	3.7	936,440	3.3	23.8
Finance income	485,174	1.5	607,933	2.1	(20.2)
Finance expenses	(31,809)	(0.1)	(29,422)	(0.1)	8.1
Finance income-net	453,365	1.4	578,511	2.0	(21.6)
Share of loss of joint arrangements	(3,516)	(0.0)	(354)	(0.0)	893.2
Share of profit of associates	–	0.0	4,858	0.0	–
Profit before taxation	1,609,334	5.1	1,519,455	5.3	5.9
Income tax expenses	(221,693)	(0.7)	(195,175)	(0.7)	13.6
Profit for the period	1,387,641	4.4	1,324,280	4.6	4.8
Equity instruments measured at fair value through other comprehensive income	408	0.0	756	0.0	(46.0)
Loss/(profit) on revaluation of retirement benefit plans obligations, net of income tax effect	155	0.0	(32,649)	(0.1)	–
Share of other comprehensive income of an associate	–	0.0	(66)	(0.0)	–
Exchange differences arising on translation of foreign operations	5,151	0.0	10,029	0.0	(48.6)
Total comprehensive income for the period	1,393,355	4.4	1,302,350	4.5	7.0

(1) Revenue

During the Reporting Period, the Group's total revenue was RMB31.559 billion, representing a year-on-year increase of 10.1%, which was mainly due to the fact that large-scale projects such as Aramco Huajin, SABIC Mangguo Ethylene, Jihua Transformation and Upgrading and Saudi Riyas entered construction or settlement peak, resulting a year-on-year increase in revenue.

(2) Cost of sales

Cost of sales of the Group was RMB28.960 billion, representing a year-on-year increase of 10.8%, which was mainly due to the corresponding increase in costs in line with the increase in revenue.

(3) Gross profit

Gross profit of the Group was RMB2.599 billion, representing a year-on-year increase of 3.6%, which was mainly due to the increase in gross profit driven by the increase in revenue scale during the period. Gross profit margin decreased from 8.8% for the same period last year to 8.2%, which was mainly due to the settlement difficulties of some construction projects and intensified market competition of certain business operations, resulting in decrease in gross profit margin from the same period of last year.

(4) Other income/(loss)

Other income of the Group was RMB139 million, which was mainly due to 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 RMB63 million, representing a year-on-year increase of 1.4%.

(6) Administrative expenses

Administrative expenses of the Group were RMB595 million, representing a year-on-year increase of 15.4%, which was mainly due to the increase in depreciation expenses for right-of-use assets and property fees resulting from newly leased offices during the Reporting Period.

(7) Research and development costs

Research and development expenses of the Group were RMB1.009 billion, representing a year-on-year increase of 6.8%, which was mainly due to the increased investment in research and development in new energy, biomass utilization, oil conversion, new chemical materials, clean coal utilization and CCUS sectors during the Reporting Period.

(8) Other operating income/(expenses)

Other operating income of the Group was RMB68 million, which was mainly due to reversals of provisions during the Reporting Period.

(9) Other gains – net

Other gains – net of the Group were RMB21 million, representing a year-on-year increase of RMB20 million, which were mainly due to the increase in gains from the revitalization and disposal of idle assets during the Reporting Period.

(10) Operating profit

Operating profit of the Group was RMB1.159 billion, representing a year-on-year increase of 23.8%.

(11) Finance income – net

Finance income – net of the Group was RMB453 million, representing a year-on-year decrease of 21.6%, which was mainly due to the decrease in the deposit interest rates of RMB and USD during the Reporting Period.

(12) Income tax expenses

Income tax expenses of the Group were RMB222 million, representing a year-on-year increase of 13.6%. The effective income tax rate increased from 12.8% for the same period last year to 13.8%, which was mainly due to the fluctuation of profit before taxation and the different statutory tax rates from different countries.

(13) Profit for the period

Profit for the period of the Group was RMB1.388 billion, representing a year-on-year increase of 4.8%.

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	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
	(RMB'000)		(RMB'000)		(%)		(RMB'000)		(%)	
Engineering, consulting and licensing	**1,903,031**	1,527,996	**603,510**	481,340	**31.7**	31.5	**183,122**	97,225	**9.6**	6.4
EPC Contracting	**19,070,130**	16,782,566	**1,438,557**	1,214,151	**7.5**	7.2	**785,214**	534,680	**4.1**	3.2
Construction	**12,884,988**	13,089,648	**543,603**	797,593	**4.2**	6.1	**155,413**	330,304	**1.2**	2.5
Equipment manufacturing	**372,093**	367,216	**13,609**	15,074	**3.7**	4.1	**7,023**	11,320	**1.9**	3.1
Unallocated	**N/A**	N/A	**N/A**	N/A	**N/A**	N/A	**28,713**	(37,089)	**N/A**	N/A
Subtotal	**34,230,242**	31,767,426	**2,599,279**	2,508,158	**N/A**	N/A	**1,159,485**	936,440	**N/A**	N/A
Total after inter-segment elimination(3)	**31,558,914**	28,654,028	**2,599,279**	2,508,158	**8.2**(1)	8.8(1)	**1,159,485**	936,440	**3.7**(2)	3.3(2)

(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 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 report.

Engineering, consulting and licensing

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

	For the six months ended 30 June			
	2025		2024	
	Amount	Percentage of segment revenue	Amount	Percentage of segment revenue
	(RMB'000)	(%)	(RMB'000)	(%)
Revenue	1,903,031	100.0	1,527,996	100.0
Cost of sales	(1,299,521)	(68.3)	(1,046,656)	(68.5)
Gross profit	603,510	31.7	481,340	31.5
Selling and marketing expenses	(5,893)	(0.3)	(5,530)	(0.4)
Administrative expenses	(41,956)	(2.2)	(36,821)	(2.4)
Research and development costs	(371,648)	(19.5)	(301,790)	(19.7)
Other income and expenses	(891)	(0.1)	(39,974)	(2.6)
Operating profit	183,122	9.6	97,225	6.4

During the Reporting Period, this business segment recorded revenue of RMB1.903 billion and cost of sales of RMB1.3 billion, representing a year-on-year increase of 24.5% and 24.2%, respectively, due to the increase in business volume; gross profit of RMB604 million, representing a year-on-year increase of 25.4%, an increase of gross profit margin to 31.7% as compared to that of 31.5% for the same period of last year; administrative expenses of RMB42 million, representing a year-on-year increase of 13.9%, due to newly leased offices; and operating expenses of RMB183 million, representing a year-on-year increase of RMB86 million.

EPC Contracting

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

	For the six months ended 30 June			
	2025		2024	
	Amount	Percentage of segment revenue	Amount	Percentage of segment revenue
	(RMB'000)	(%)	(RMB'000)	(%)
Revenue	19,070,130	100.0	16,782,566	100.0
Cost of sales	(17,631,573)	(92.5)	(15,568,415)	(92.8)
Gross profit	1,438,557	7.5	1,214,151	7.2
Selling and marketing expenses	(32,817)	(0.2)	(32,329)	(0.2)
Administrative expenses	(311,539)	(1.6)	(254,962)	(1.5)
Research and development costs	(404,045)	(2.1)	(389,260)	(2.3)
Other income and expenses	95,058	0.5	(2,920)	(0.0)
Operating profit	785,214	4.1	534,680	3.2

During the Reporting Period, large-scale EPC contracting projects such as Aramco Huajin Project, SABIC Mangguo Ethylene Project, Jihua Transformation and Upgrading Project and Saudi Riyas Project entered construction or settlement peak. This business segment recorded revenue of RMB19.070 billion, representing a year-on-year increase of 13.6%, cost of sales of RMB17.632 billion, representing a year-on-year increase of 13.3%, gross profit of RMB1.439 billion, representing a year-on-year increase of 18.5%, an increase of gross profit margin to 7.5% as compared to that of 7.2% for the same period of last year, administrative expenses of RMB312 million, representing a year-on-year increase of 22.2%, which was mainly due to the increase in depreciation expenses for right-of-use assets and property fees resulting from newly leased offices during the Reporting Period, and operating profit of RMB785 million, representing a year-on-year increase of RMB250 million.

Construction

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

	For the six months ended 30 June			
	2025		2024	
	Amount	Percentage of segment revenue	Amount	Percentage of segment revenue
	(RMB'000)	(%)	(RMB'000)	(%)
Revenue	12,884,988	100.0	13,089,648	100.0
Cost of sales	(12,341,385)	(95.8)	(12,292,055)	(93.9)
Gross profit	543,603	4.2	797,593	6.1
Selling and marketing expenses	(23,346)	(0.2)	(23,341)	(0.2)
Administrative expenses	(233,549)	(1.8)	(207,602)	(1.6)
Research and development costs	(215,887)	(1.7)	(238,601)	(1.8)
Other income and expenses	84,592	0.7	2,255	0.0
Operating profit	155,413	1.2	330,304	2.5

During the Reporting Period, this business segment recorded revenue of RMB12.885 billion, cost of sales of RMB12.341 billion, which remained broadly stable on a year-on-year basis, gross profit of RMB544 million, representing a year-on-year decrease of 31.8%, gross profit margin of 4.2% and operating profit of RMB155 million, which was mainly due to the settlement difficulties of some construction projects during the Reporting Period.

Equipment Manufacturing

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

	For the six months ended 30 June			
	2025		2024	
	Amount	Percentage of segment revenue	Amount	Percentage of segment revenue
	(RMB'000)	(%)	(RMB'000)	(%)
Revenue	372,093	100.0	367,216	100.0
Cost of sales	(358,484)	(96.3)	(352,142)	(95.9)
Gross profit	13,609	3.7	15,074	4.1
Selling and marketing expenses	(1,405)	(0.4)	(1,409)	(0.4)
Administrative expenses	(6,123)	(1.7)	(5,996)	(1.6)
Research and development costs	(15,288)	(4.1)	(14,058)	(3.8)
Other income and expenses	16,230	4.4	17,709	4.8
Operating profit	7,023	1.9	11,320	3.1

During the Reporting Period, this business segment recorded revenue of RMB372 million and cost of sales of RMB358 million, which remained broadly stable on a year-on-year basis, gross profit of RMB14 million, gross profit margin of 3.7% and operating profit of RMB7 million.

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:

	For the six months ended 30 June				
	2025		2024		
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Change
	(RMB'000)	(%)	(RMB'000)	(%)	(%)
Oil refining	5,704,724	18.1	3,069,340	10.7	85.9
Petrochemicals	19,888,227	63.0	19,820,159	69.2	0.3
New coal chemicals	1,299,093	4.1	265,628	0.9	389.1
Storage & transportation and others	4,666,870	14.8	5,498,901	19.2	(15.1)
Subtotal	31,558,914	100.0	28,654,028	100.0	10.1

The Group's revenue mainly comes from providing services to customers in oil refining, petrochemicals, new coal chemicals, storage and transportation and other industries. During the Reporting Period, the Group's revenue from the petrochemical industry amounted to RMB19.888 billion, which remained broadly stable on a year-on-year basis, mainly contributed by projects such as Aramco Huajin, SABIC Mangguo Ethylene, Jihua Transformation and Upgrading and Saudi Riyas; revenue from the oil refining industry amounted to RMB5.705 billion, representing an increase of 85.9% on a year-on-year basis, mainly due to the revenue contribution from refining-related contract of projects such as the SABIC Mangguo Ethylene and North Huajin; revenue from new coal chemicals industry amounted to RMB1.299 billion, representing an increase of 389.1% on a year-on-year basis, mainly due to the revenue contribution from projects such as the Lianhong New Materials, China Coal Shaanxi Energy Coal Deep Processing and Inner Mongolia Rongxin Chemical Olefin; revenue from storage and transportation and others amounted to RMB4.667 billion, representing a decrease of 15.1% on a year-on-year basis.

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

	For the six months ended 30 June				
	2025		2024		
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Change
	(RMB'000)	(%)	(RMB'000)	(%)	(%)
PRC	24,134,171	76.5	24,786,734	86.5	(2.6)
Overseas	7,424,743	23.5	3,867,294	13.5	92.0
Subtotal	31,558,914	100.0	28,654,028	100.0	10.1

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:

	For the six months ended 30 June				
	2025		2024		
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	Change
	(RMB'000)	(%)	(RMB'000)	(%)	(%)
Sinopec Group and its associates	10,713,897	33.9	12,705,917	44.3	(15.7)
Non-Sinopec Group and its associates	20,845,017	66.1	15,948,111	55.7	30.7
Subtotal	31,558,914	100.0	28,654,028	100.0	10.1

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.

(1) Backlog

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

	As at 30 June 2025	As at 31 December 2024	Change
	(RMB'000)		(%)
Engineering, consulting and licensing	13,276,895	12,280,789	8.1
EPC Contracting	163,878,141	129,104,922	26.9
Construction	32,645,615	28,792,516	13.4
Equipment manufacturing	2,475,172	2,498,353	(0.9)
Total	212,275,823	172,676,580	22.9

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 30 June 2025	As at 31 December 2024	Change
	(RMB'000)		(%)
Oil refining	46,392,723	30,426,712	52.5
Petrochemicals	101,925,338	84,004,588	21.3
New coal chemicals	14,073,530	13,296,031	5.8
Storage & transportation and others	49,884,232	44,949,249	11.0
Total	212,275,823	172,676,580	22.9

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

	As at 30 June 2025	As at 31 December 2024	Change
	(RMB'000)		(%)
PRC	124,423,121	108,375,177	14.8
Overseas	87,852,702	64,301,403	36.6
Total	212,275,823	172,676,580	22.9

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 30 June 2025	As at 31 December 2024	Change
	(RMB'000)		(%)
Sinopec Group and its associates	95,579,640	67,003,528	42.6
Non-Sinopec Group and its associates	116,696,183	105,673,052	10.4
Total	212,275,823	172,676,580	22.9

As at 30 June 2025, the Group's backlog was RMB212.276 billion, representing an increase of 22.9% compared to that as at 31 December 2024, and approximately 3.3 times of the total revenue of RMB64.198 billion in 2024.

(2) New contracts

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

	For the six months ended 30 June		
	2025	2024	Change
	(RMB'000)		(%)
Engineering, consulting and licensing	2,792,375	3,191,063	(12.5)
EPC Contracting	53,843,349	34,454,675	56.3
Construction	14,345,525	11,989,360	19.7
Equipment manufacturing	176,909	430,989	(59.0)
Total	71,158,158	50,066,087	42.1

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:

	For the six months ended 30 June		
	2025	2024	Change
	(RMB'000)		(%)
Oil refining	21,670,736	6,769,937	220.1
Petrochemicals	37,808,977	25,600,443	47.7
New coal chemicals	2,076,593	3,339,485	(37.8)
Storage & transportation and others	9,601,852	14,356,222	(33.1)
Total	71,158,158	50,066,087	42.1

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

	For the six months ended 30 June		Change
	2025	2024	
	(RMB'000)		(%)
PRC	**40,182,115**	33,113,423	21.3
Overseas	**30,976,043**	16,952,664	82.7
Total	**71,158,158**	50,066,087	42.1

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:

	For the six months ended 30 June		Change
	2025	2024	
	(RMB'000)		(%)
Sinopec Group and its associates	**39,290,009**	12,777,010	207.5
Non-Sinopec Group and its associates	**31,868,149**	37,289,077	(14.5)
Total	**71,158,158**	50,066,087	42.1

During the Reporting Period, the value of the Group's new contracts was RMB71.158 billion, representing an increase of 42.1% as compared with RMB50.066 billion for the same period in 2024.

5 Assets, Liabilities, Equity and Cash Flows

(1) Assets, Liabilities and Equity

Unit: RMB'000

	As at 30 June 2025	As at 31 December 2024	Changes	Change (%)
Total assets	**88,400,194**	81,513,339	6,886,855	8.4
Current assets	**80,703,154**	73,465,738	7,237,416	9.9
Non-current assets	**7,697,040**	8,047,601	(350,561)	(4.4)
Total liabilities	**56,358,369**	49,931,854	6,426,515	12.9
Current liabilities	**54,399,236**	47,854,044	6,545,192	13.7
Non-current liabilities	**1,959,133**	2,077,810	(118,677)	(5.7)
Net assets	**32,041,825**	31,581,485	460,340	1.5
Consolidated equity attributable to equity holders of the Company	**31,968,263**	31,512,063	456,200	1.4
Share capital	**4,394,161**	4,397,881	(3,720)	(0.1)
Reserves	**27,574,102**	27,114,182	459,920	1.7
Non-controlling interests	**73,562**	69,422	4,140	6.0

As at the end of the Reporting Period, the total assets of the Group were RMB88.400 billion, the total liabilities were RMB56.358 billion, and the equity attributable to the equity holders of the Company was RMB31.968 billion. The changes in the assets and liabilities as compared with those as at the end of 2024 and the main reasons thereof are as follows:

As at the end of the Reporting Period, the total assets were RMB88.400 billion, representing an increase of RMB6.887 billion as compared with that as at the end of 2024. In particular, the current assets were RMB80.703 billion, representing an increase of RMB7.237 billion as compared with that as at the end of 2024, which was mainly due to an increase in contract assets of RMB2.603 billion, an increase in cash and cash equivalents of RMB2.402 billion, an increase in prepayments and other receivables of RMB1.436 billion, an increase in time deposits with financial institutions of RMB1.387 billion, an increase in inventories of RMB66 million, and a decrease in notes and trade receivables of RMB747 million; the non-current assets were RMB7.697 billion, representing a decrease of RMB351 million as compared with that as at the end of 2024, mainly due to a decrease in property, plant and equipment of RMB255 million, a decrease in right-of-use asset of RMB51 million, a decrease in deferred income tax assets of RMB24 million, and a decrease in intangible assets of RMB18 million.

As at the end of the Reporting Period, the total liabilities were RMB56.358 billion, representing an increase of RMB6.427 billion as compared with that as at the end of 2024. In particular, the current liabilities were RMB54.399 billion, representing an increase of RMB6.545 billion as compared with that as at the end of 2024, which was mainly due to an increase in contract liabilities of RMB3.963 billion, an increase in notes and trade payables of RMB1.815 billion, an increase in other payables of RMB749 million, and an increase in lease liabilities of RMB24 million. The non-current liabilities were RMB1.959 billion, representing a decrease of RMB119 million as compared with that as at the end of 2024, which was mainly due to a decrease in retirement and other supplemental benefit obligations of RMB74 million, and a decrease in lease liabilities of RMB54 million.

The consolidated equity attributable to equity holders of the Company was RMB31.968 billion, representing an increase of RMB456 million as compared with that as at the end of 2024, which was mainly due to the increase in retained earnings.

(2) Cash Flows

During the Reporting Period, the net increase in cash and cash equivalents was RMB1.898 billion and net cash generated from operating activities was RMB3.301 billion.

Unit: RMB'000

Major items of cash flow	For the six months ended 30 June	
	2025	2024
Net cash generated from/(used in) operating activities	**3,300,741**	(4,163,942)
Net cash (used in)/generated from investing activities	**(1,283,040)**	752,284
Net cash used in financing activities	**(119,991)**	(49,858)
Net increase/(decrease) in cash and cash equivalents	**1,897,710**	(3,461,516)

During the Reporting Period, the profit before taxation was RMB1.609 billion, and the profit was RMB1.500 billion after adjusting 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 RMB453 million, depreciation and amortisation of RMB532 million, reversal of impairment of RMB83 million, exchange gains of RMB87 million. The increase in cash inflow of operating receivables and payables were RMB1.603 billion, which were mainly shown in: the increase in contract liabilities which caused the cash inflow from operating activities of RMB3.963 billion; the increase in note payables and trade and other payables balance which caused the cash inflow from operating activities of RMB936 million; the increase in contract assets which caused cash outflow from operating activities of RMB2.613 billion; the increase in note receivables and trade and other receivables balance which caused cash outflow from operating activities of RMB527 million; the increase in inventory balance which caused the cash outflow from operating activities of RMB66 million.

After adjusting non-cash items, receivables and payables for the profit before taxation, deducting the income tax paid amounting to cash outflow of RMB325 million, and adding back inflow from received interest of RMB522 million, the net cash generated from operating activities was RMB3.301 billion.

Net cash used in investing activities was RMB1.283 billion, which was mainly due to an increase in time deposits.

Net cash used in financing activities was RMB120 million, mainly due to an increase in lease payments paid.

Based on the cash flows for the Reporting Period, the Group has adequate working capital at present. In the next step, the Group will continue to strengthen the management of working capital, standardize its operation on the basis of ensuring business development, and 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:

Main financial ratios	For the six months ended 30 June	
	2025	2024
Net profit margin (%)	4.4	4.6
Return on assets (%)(1)	1.6	1.6
Return on equity (%)(2)	4.3	4.2
Return on invested capital (%)(3)	4.4	4.3

Key financial ratios	As at 30 June 2025	As at 31 December 2024
Gearing ratio (%)(4)	1.7	1.8
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 = $\dfrac{\text{Profit for the period}}{\text{(The opening total assets + The closing total assets)/2}}$

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

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

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

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

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

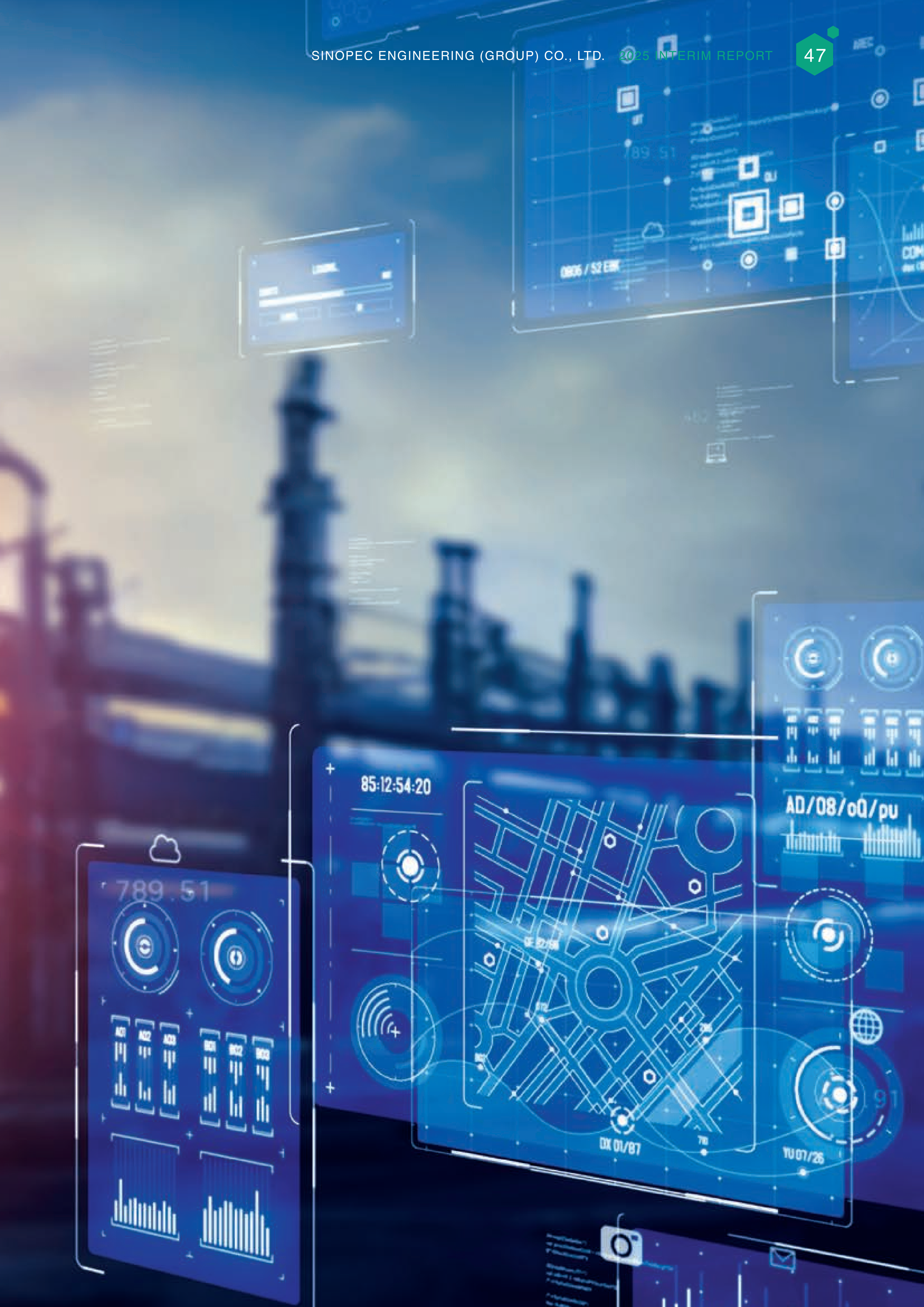
(7) Quick ratio = $\dfrac{\text{Current assets – Inventories}}{\text{Current liabilities}}$

6 Foreign Exchange Risk

The Group continued to operate some engineering business overseas and had foreign currency-denominated receivables, payables and cash balances. During the Reporting Period, foreign currencies held by the Group were primarily USD, EUR, Saudi Riyal, Malaysian ringgit and Algerian Dinar. In the future, changes in foreign exchange rates may affect the quotation of the Group's services and expenditure on the purchase of materials in foreign currency. Fluctuations in foreign exchange rates may influence the Group's results of operations and financial position.

During the Reporting Period, the Group did not carry out hedging transactions related to foreign exchange fluctuations.

SIGNIFICANT EVENTS


85:12:54:20
789.51
AD/08/oQ/pu
DX 01/87
YU 07/26

1 Corporate Governance

During the Reporting Period, the Company complied with all code provisions of the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules.

2 The Dividend Distribution Plan as at 30 June 2025

The seventh meeting of the fifth session of the Board approved the interim dividend distribution plan for the period ended 30 June 2025. A cash dividend of RMB0.160 per share (inclusive of applicable taxes) would be distributed based on 4,394,160,500 shares (including 1,426,960,500 H Shares and 2,967,200,000 Domestic Shares), being the total share capital of the Company as at 30 June 2025. The shareholders of the Company has authorised the Board to decide the interim profit distribution plan of 2025 by the ordinary resolution passed on the 2024 annual general meeting held on 9 May 2025. Therefore, the aforementioned dividend distribution plan does not need to be submitted to the general meeting of shareholders for consideration and approval.

The 2025 interim dividend will be paid on or before Monday, 27 October 2025 to all shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 9 September 2025. In order to qualify for the interim 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, 3 September 2025 for registration. For the purpose of ascertaining shareholders who qualify for the interim dividend, the register of members for H Shares will be closed from Thursday, 4 September 2025 to Tuesday, 9 September 2025 (both days inclusive).

The dividend will be denominated and declared in RMB. The holders of Domestic Shares will be paid in RMB 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 shall be the average of the exchange rates of RMB to Hong Kong dollars as announced by the People's Bank of China on five working days before the date of declaration of the dividend by the Board (i.e., Friday, 15 August 2025), which was RMB1.00 to HKD1.09971. Therefore, the interim dividend per H Share of the Company is HKD0.1760 (inclusive of applicable taxes).

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 registered under the name of non-individual shareholders, 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, 9 September 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 the relevant shareholders 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 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 at a rate of 20%.

For investors 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, and China Securities Depository and Clearing Corporation Limited, as the nominee of the holders of H Shares for Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H Shares for Southbound Trading through its depositary and clearing system. The cash dividends for the investors of H Shares for Southbound Trading will be paid in RMB.

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 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 by 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 "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 Continuing Connected Transactions

During the Reporting Period, the aggregate value of the continuing connected transactions entered into by the Group was RMB12.152 billion. In particular, the expenses amounted to RMB1.145 billion and the revenue amounted to RMB11.007 billion (including RMB10.717 billion from the sale of products and services and RMB290 million of 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 RMB883 million, 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 RMB10.546 billion, which was within the annual cap.

During the Reporting Period, the service fees in relation to the settlement and other financial services provided to the Group by Sinopec Finance Co., Ltd. and Sinopec Century Bright Capital Investment Limited were RMB1 million, which was within the annual cap. The maximum daily balance of deposits and interest income was RMB7.821 billion, which was within the annual cap. The maximum daily balance of entrustment loans was RMB20.500 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 RMB168 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 RMB2 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 RMB27 million, which was within the annual cap.

During the Reporting Period, the total rents generated from the provision of the land use rights and properties leasing services provided by the Group to Sinopec Group and its associates amounted to RMB1 million, which was within the annual cap.

During the Reporting Period, the value of right-of-use assets of the land and properties provided by Sinopec Group and its associates to the Group amounted to RMB231 million, which was within the annual cap.

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

During the Reporting Period, for more information on the major related parties transactions (including the above-mentioned connected transactions), please refer to Note 41 of the consolidated financial statements prepared in accordance with the IFRS Accounting Standards 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 those connected transactions, and determined the price and terms of the actual transaction in accordance with the pricing policies set out in the respective framework agreements.

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 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 to or from independent third parties (as the case may be); or

iii If there were no appropriate comparison to determine whether the transactions and agreements 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

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

5 Other Material Contracts

The Group had no other material contracts which should be but was not disclosed during the Reporting Period.

6 Repurchase, Sale and Redemption of Shares

During the Reporting Period, the Company repurchased a total of 3,720,500 H shares on the Hong Kong Stock Exchange, using funds totaling HK$20,955,937.40.

On 12 May 2025, the Company cancelled 3,720,500 H shares repurchased from 17 March 2025 to 21 March 2025, which represented approximately 0.08% of the total issued share capital and 0.26% 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 3,720,500 H shares repurchased, the number of issued shares of the Company is 4,394,160,500 shares (including 1,426,960,500 H shares and 2,967,200,000 domestic shares).

The Board is of the view that the repurchase of H Shares will increase earnings per share and overall shareholders' return 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)	
March	3,720,500	5.70	5.57	20,955,937.40

Save as disclosed above, during the Reporting Period, neither the Company nor 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 Accounting Standards in this interim report.

8 Use of IPO Proceeds

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" published on 13 December 2013 and the "Adjustment in the Allocations of the Use of Proceeds from the Global Offering" published on 26 October 2018. The expected specific time for the completion of the use of IPO proceeds will be subject to the business development of the Company and it is expected to be used up 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.

As of 30 June 2025, the use of proceeds from the global offering by the Company was 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 (RMB million)	Used proceeds from 2018 to 2024 (RMB million)	Used proceeds During the Reporting Period (RMB million)	**Remaining proceeds as at 30 June 2025 (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

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 RMB158 million loans due to 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 40 to the financial statements contained in this interim report.

17 Review of Interim Report

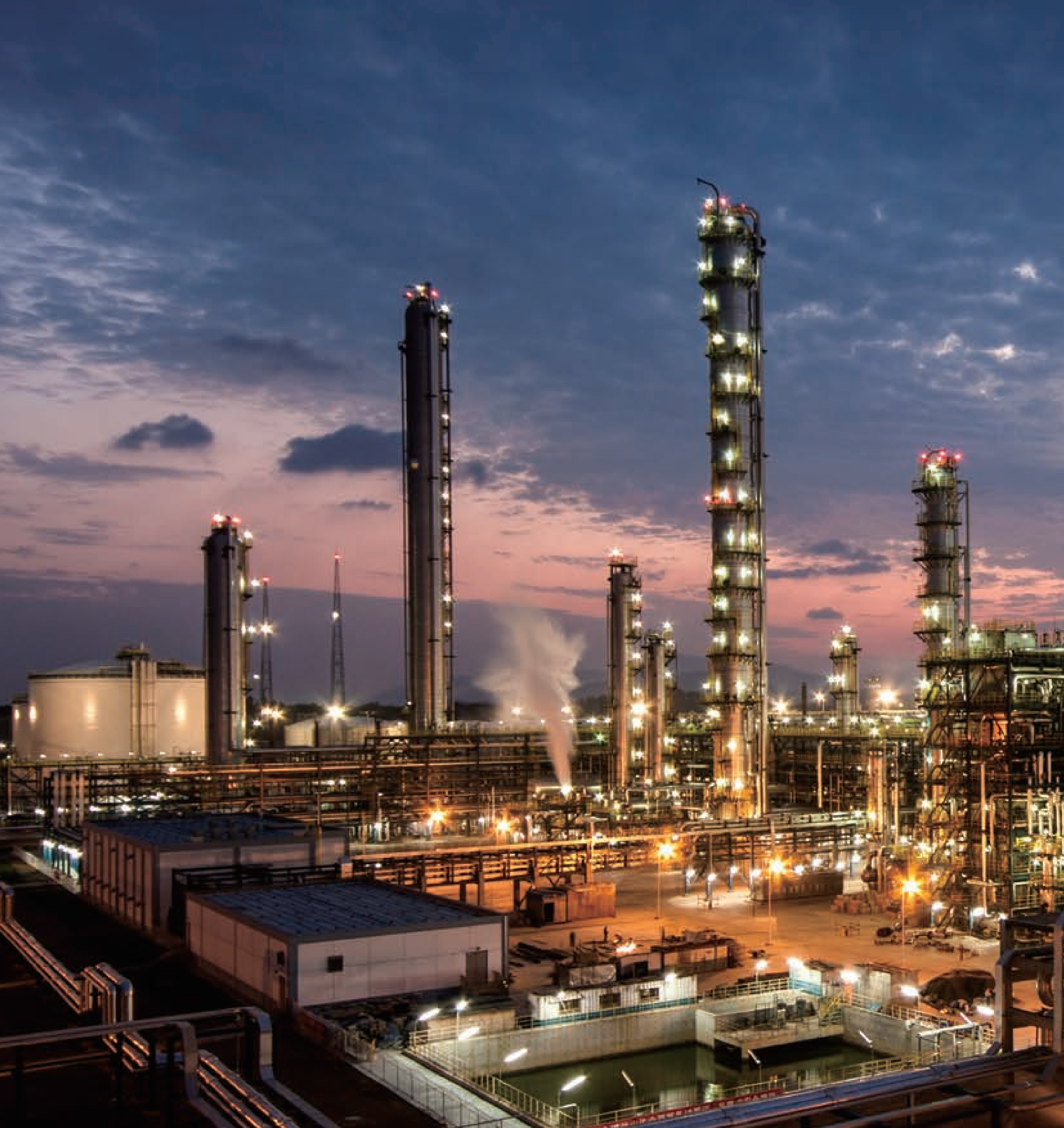
The audit committee of the Company has reviewed this interim report. The audit committee did not have any disagreement concerning the financial statements contained in this interim report.

The audit committee is comprised of independent non-executive Directors, namely, Mr. YE Zheng, Mr. ZHAO Jinsong and Ms. ZHANG Xuyan. Among them, Mr. YE Zheng has the appropriate professional qualifications (including being a member of the Hong Kong Institute of Certified Public Accountants) and more than 30 years of experience in auditing, internal control and consultancy.

18 Significant Events Affecting the Group After the Reporting Period

From 30 June 2025 and up to the date of this interim report, the Group has no other significant events.

DIRECTORS, SUPERVISORS, OTHER MEMBERS OF SENIOR MANAGEMENT AND EMPLOYEES




建设最具竞争力的世界级大型石油化工企业
BUILD A MOST COMPETITIVE WORLD-CLASS LARGE SCALE PETROCHEMICAL ENTERPRISE

1 Directors, Supervisors and Other Members of Senior Management

As at 30 June 2025, members of the Company's Board and supervisory committee and other members of the senior management are as follows:

(1) Directors

Profile of the Directors of the fifth session of the Board as at the End of the Reporting Period

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	59	Director	November 2024 – November 2027
LI Chengfeng	Male	61	Director	November 2024 – November 2027
YU Renming	Male	61	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
ZHANG Xuyan	Female	62	Independent Director	May 2025 – November 2027
XIE Yanli	Female	49	Employee Representative Director	November 2024 – November 2027

Ms. ZHANG Xuyan was appointed as an independent Director of the fifth session of the Board of the Company on 9 May 2025, confirming that she understands her responsibilities as an independent director of a listed company, and obtained the legal advice under Rule 3.09D of the Hong Kong Listing Rules on 9 May 2025.

Profile of the Retired Directors during and after the Reporting Period

Name	Gender	Age	Position in the Company	Term of Office as Director
DUAN Xue	Male	68	Independent Director	November 2024 – May 2025

(2) Supervisors

Profile of the Supervisors of the fifth session of the Supervisory Committee as at the end of 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	57	Employee Representative Supervisor	November 2024 – November 2027
DONG Kexue	Male	58	Employee Representative Supervisor	November 2024 – November 2027
YI Hao	Male	57	Employee Representative Supervisor	November 2024 – November 2027
WANG Yi	Male	54	Employee Representative Supervisor	November 2024 – November 2027

(3) Other Senior Management

Profile of other members of the Senior Management as at the end of the Reporting Period

Name	Gender	Age	Position in the Company	Appointment Date
ZHANG Xinming	Male	58	Executive Director and President	April 2023
WANG Guohua	Male	56	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	57	Vice President	January 2023
SUN Baoping	Male	50	Vice President	January 2023

Changes in the Information of Directors, Supervisors and General Manager as at the End of the Reporting Period

There were no changes in the information of the Directors, Supervisors and General Manager which are required to be disclosed under Rule 13.51B(1) of the Hong Kong Listing Rules during the Reporting Period.

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 within the Group.

3 Equity Interest of Directors, Supervisors and Members of the Senior Management of the Company

During the Reporting Period, to the best knowledge of the Directors, none of the Directors, Supervisors or members of the Senior Management of the Company and their respective associates had any interest or short positions (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which are 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 into the register of members referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under Appendix C3 to the Hong Kong Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. After specific enquiry by the Company, all Directors and Supervisors confirmed that they complied with the Model Code during the Reporting Period.

4 Positions Held by The Directors and Supervisors in Shareholders and Their Competition Interests

As of the end of the Reporting Period, Mr. XIANG Wenwu served as the general manager of the engineering department of Sinopec Group and the general manager of the engineering department of China Petroleum & Chemical Corporation. Save for the above, to the knowledge of the Board, none of the Directors or Supervisors is a director or employee of a company which has an interest in the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or owns interest in any other business which competes or is likely to compete, directly or indirectly, with the business of the Group.

5 Contract Benefits of Directors and Supervisors

As at 30 June 2025 or any time during the Reporting Period, there is no any 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 of the appointment of directors by the shareholders or the employees' democratic elections 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 agreement 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 appointment to the expiry of the term 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 agreement 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).

6 Employees

As at the end of the Reporting Period, there were in total 15,573 employees working in the Group.

The following table sets out the information of employees by business segments as at 30 June 2025.

	As at 30 June 2025	
	Number of Employees	Percentage of the Total Employees (%)
Engineering and Technical Personnel	11,760	75.5
Management Personnel	1,873	12.0
Production Personnel	1,940	12.5
Total	15,573	100.0

The following table sets out the information of employees by education background as at 30 June 2025.

	As at 30 June 2025	
	Number of Employees	Percentage of the Total Employees (%)
Master Degree	3,738	24.0
Bachelor Degree	7,409	47.6
Associate degree	2,349	15.1
Others	2,077	13.3
Total	15,573	100.0

7 Gender Diversity of Employees

The table below sets forth the gender ratio of all employees (including senior management) of the Group as of 30 June 2025.

	As at 30 June 2025	
	Number of Employees	Percentage of the Total Employees (%)
Female employees	4,239	27.2
Male employees	11,334	72.8
Total	15,573	100.0

The table below sets forth the gender ratio of senior management of the Group as of 30 June 2025.

	As at 30 June 2025	
	Number of Senior Managements	Percentage of the Total Employees (%)
Female senior management	2	8.7
Male senior management	21	91.3
Total	23	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 nature of the engineering and construction industry, it is challenging for the Group to achieve gender diversity for all employees.

8 Employee Remuneration

During the Reporting Period, we maintained good labour relations. 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 shall participate 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. For the half year ended 30 June 2025 and 30 June 2024, the employment costs of the Group were approximately RMB2.833 billion and RMB2.460 billion, respectively.

9 Employee Training Programs

During the Reporting Period, the Group organised 12 key special trainings. A total of 21 thousand attendees attended the in-house trainings organized by the Group and external trainings, including 3 thousand management staff, 15.1 thousand engineering and technical staff, and 2.9 thousand operational staff.

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

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

(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 68 to 132, which comprise the consolidated statement of financial position as at 30 June 2025, 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 six months period 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 30 June 2025, and its consolidated financial performance and its consolidated cash flows for the six months period then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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 RMB31,558,914,000 for the six months period ended 30 June 2025.

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;

KEY AUDIT MATTERS (Continued)

Revenue recognition of construction contracts (Continued)

- 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 period;
- 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 accounting period; and
- performing analytical review procedures on the gross margins of material construction contracts of the Group.

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

(Refer to notes 3.8(c), 5(c), 20 and 22(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 period 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 2025 interim 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 ISA 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 ISA, 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.

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, 15 August 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Note	Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
			(Restated)
Revenue	6	31,558,914	28,654,028
Cost of sales		(28,959,635)	(26,145,870)
Gross profit		2,599,279	2,508,158
Other income/(loss)	8	139,080	(49,883)
Selling and marketing expenses		(63,461)	(62,608)
Administrative expenses		(594,917)	(515,618)
Research and development costs		(1,009,080)	(944,449)
Other operating income/(expenses)		67,601	(27)
Other gains – net	9	20,983	867
Operating profit		1,159,485	936,440
Finance income	10	485,174	607,933
Finance expenses	10	(31,809)	(29,422)
Finance income – net		453,365	578,511
Share of loss of joint arrangement	19(a)	(3,516)	(354)
Share of profit of associates	19(b)	–	4,858
Profit before taxation	11	1,609,334	1,519,455
Income tax expense	12	(221,693)	(195,175)
Profit for the period		1,387,641	1,324,280

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Note	Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
			(Restated)
Other comprehensive income for the period, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		5,151	10,029
Items that will not be reclassified subsequently to profit or loss:			
Gain/(loss) on revaluation of retirement benefit plans obligations, net of income tax effect		155	(32,649)
Gain on equity instruments measured at fair value through other comprehensive income		408	756
Share of other comprehensive income of an associate	19(b)	–	(66)
Other comprehensive income for the period, net of tax		5,714	(21,930)
Total comprehensive income for the period		1,393,355	1,302,350
Profit attributable to:			
Equity holders of the Company		1,383,520	1,319,795
Non-controlling interests		4,121	4,485
Profit for the period		1,387,641	1,324,280
Total comprehensive income attributable to:			
Equity holders of the Company		1,389,234	1,297,865
Non-controlling interests		4,121	4,485
Total comprehensive income for the period		1,393,355	1,302,350
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in RMB per share)			
– Basic and diluted	13	0.32	0.30

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

	Notes	As at 30 June 2025	As at 31 December 2024
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	**4,302,245**	4,557,288
Right-of-use assets	17	**2,276,165**	2,327,048
Intangible assets	18	**164,796**	182,553
Investment in joint arrangement	19(a)	**20,135**	23,651
Investments in associates	19(b)	**–**	–
Fair value through other comprehensive income investments	25	**254,603**	254,123
Deferred income tax assets	36	**679,096**	702,938
Total non-current assets		**7,697,040**	8,047,601
Current assets			
Inventories	23	**603,403**	536,915
Notes and trade receivables	20	**7,672,379**	8,419,134
Prepayments and other receivables	21	**12,402,625**	10,966,998
Contract assets	22(a)	**14,012,169**	11,409,353
Loans due from the ultimate holding company	24	**20,500,000**	20,500,000
Restricted cash	26	**319,866**	230,148
Time deposits	27	**11,350,689**	9,963,265
Cash and cash equivalents	28	**13,842,023**	11,439,925
Total current assets		**80,703,154**	73,465,738
Total assets		**88,400,194**	81,513,339

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

AS AT 30 JUNE 2025

	Notes	As at 30 June 2025	As at 31 December 2024
		RMB'000	RMB'000
Equity			
Share capital	29	4,394,161	4,397,881
Reserves	30	27,574,102	27,114,182
Equity attributable to equity holders of the Company		31,968,263	31,512,063
Non-controlling interests		73,562	69,422
Total equity		32,041,825	31,581,485
LIABILITIES			
Non-current liabilities			
Lease liabilities	31	198,361	252,336
Loan due to a fellow subsidiary	37	49,654	40,813
Retirement and other supplemental benefit obligations	32	1,708,484	1,782,034
Provision for litigation claims	33	–	–
Deferred tax liabilities	36	2,634	2,627
Total non-current liabilities		1,959,133	2,077,810
Current liabilities			
Notes and trade payables	34	23,844,616	22,029,975
Other payables	35	3,614,968	2,866,292
Loan due to a fellow subsidiary	37	108,811	109,264
Contract liabilities	22(b)	26,183,934	22,221,119
Lease liabilities	31	194,186	169,920
Current income tax liabilities		452,721	457,474
Total current liabilities		54,399,236	47,854,044
Total liabilities		56,358,369	49,931,854
Total equity and liabilities		88,400,194	81,513,339
Net current assets		26,303,918	25,611,694
Total assets less current liabilities		34,000,958	33,659,295

On behalf of the directors

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	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 29)	RMB'000 (Note 30(ii))	RMB'000 (Note 30(i))	RMB'000 (Note 30(iii))	RMB'000 (Note 30(iv))	RMB'000 (Note 30(v))	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	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
Profit for the period	–	–	–	–	–	–	1,383,520	1,383,520	4,121	1,387,641
Other comprehensive income:										
Defined benefits obligation revaluation of actuarial gain and loss – gross	–	–	–	–	–	–	182	182	–	182
Defined benefits obligation revaluation of actuarial gain and loss – tax effect	–	–	–	–	–	–	(27)	(27)	–	(27)
Exchange differences arising on translation of foreign operations	–	–	–	–	5,151	–	–	5,151	–	5,151
Gain on equity instruments measured at fair value through other comprehensive income	–	–	–	–	–	–	408	408	–	408
Total comprehensive income	–	–	–	–	5,151	–	1,384,083	1,389,234	4,121	1,393,355
Transactions with owners:										
Final dividend 2024 (note 14)	–	–	–	–	–	–	(913,985)	(913,985)	–	(913,985)
Appropriation of specific reserve	–	–	–	99,345	–	–	(99,345)	–	35	35
Utilisation of specific reserve	–	–	–	(91,769)	–	–	91,769	–	(16)	(16)
Repurchase of shares (note 29)	(3,720)	(15,329)	–	–	–	–	–	(19,049)	–	(19,049)
Total transactions with owners	(3,720)	(15,329)	–	7,576	–	–	(921,561)	(933,034)	19	(933,015)
At 30 June 2025	4,394,161	9,983,100	1,987,947	211,837	21,443	(22,100)	15,391,875	31,968,263	73,562	32,041,825

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Attributable to equity shareholders of the Company								
	Share capital	Capital reserve	Statutory surplus reserve	Specific reserve	Exchange translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000 (Note 29)	RMB'000 (Note 30(ii))	RMB'000 (Note 30(i))	RMB'000 (Note 30(iii))	RMB'000 (Note 30(iv))	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023 (as previously reported)	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 business combination under common control (Note 44)	–	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 period	–	–	–	–	–	1,319,795	1,319,795	4,485	1,324,280
Other comprehensive income:									
Defined benefits obligation revaluation of actuarial gain and loss – gross	–	–	–	–	–	(38,411)	(38,411)	–	(38,411)
Defined benefits obligation revaluation of actuarial gain and loss – tax effect	–	–	–	–	–	5,762	5,762	–	5,762
Exchange differences arising on translation of foreign operations	–	–	–	–	10,029	–	10,029	–	10,029
Gain on equity instruments measured at fair value through other comprehensive income	–	–	–	–	–	756	756	–	756
Share of other comprehensive income of an associate, net of related income tax	–	–	–	–	–	(66)	(66)	–	(66)
Total comprehensive income	–	–	–	–	10,029	1,287,836	1,297,865	4,485	1,302,350
Transactions with owners:									
Final dividends for 2023 (note 14)	–	–	–	–	–	(986,753)	(986,753)	–	(986,753)
Appropriation of specific reserve	–	–	–	121,407	–	(121,407)	–	37	37
Utilisation of specific reserve	–	–	–	(127,019)	–	127,019	–	(9)	(9)
Repurchase of shares	(13,397)	(48,300)	–	–	–	–	(61,697)	–	(61,697)
Capital injection	–	–	–	–	–	–	–	2,700	2,700
Total transactions with owners	(13,397)	(48,300)	–	(5,612)	–	(981,141)	(1,048,450)	2,728	(1,045,722)
At 30 June 2024 (restated)	4,405,147	10,014,851	1,815,822	175,558	11,978	14,684,420	31,107,776	65,875	31,173,651

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Note	Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
			(Restated)
Cash flows from operating activities			
Cash generated from/(used in) operations	39	3,103,424	(4,265,792)
Income tax paid		(324,551)	(207,791)
Interest received		521,868	309,641
Net cash generated from/(used in) operating activities		3,300,741	(4,163,942)
Cash flows from investing activities			
Purchase of property, plant and equipment		(154,900)	(182,673)
Purchase of intangible assets		(4,624)	(5,354)
Interest received on the loans to the ultimate holding company		262,429	298,584
Proceeds from disposal of property, plant and equipment		1,479	847
Capital investment to joint arrangement		–	(9,294)
Dividends received from associates		–	31,640
Release of time deposits		5,836,025	4,337,632
Placement of time deposits		(7,223,449)	(3,719,098)
Loans to the ultimate holding company		(5,000,000)	(5,000,000)
Loans repaid by the ultimate holding company		5,000,000	5,000,000
Net cash (used in)/generated from investing activities		(1,283,040)	752,284
Cash flows from financing activities	42		
Drawdown of borrowings from a fellow subsidiary		25,241	47,166
Repayment of borrowings from a fellow subsidiary		(16,400)	(20,700)
Capital contributions from non-controlling interests		–	2,700
Interest paid		(1,810)	–
Payments of lease liabilities		(99,337)	(24,549)
Payment on repurchase of shares		(27,685)	(54,475)
Net cash used in financing activities		(119,991)	(49,858)
Net increase/(decrease) in cash and cash equivalents		1,897,710	(3,461,516)
Cash and cash equivalents at beginning of period		11,439,925	12,913,308
Net exchange gains on cash and cash equivalents		504,388	41,482
Cash and cash equivalents at end of period	28	13,842,023	9,493,274

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2025

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 6-9 floor, building 1, A67, Ande Road, Xicheng District, Beijing, the 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 15 August 2025.

2. Basis of Preparation

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards and Interpretations issued by the International Accounting Standards Board (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 accordance 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 Adoption of amended IFRS Accounting Standards

The following amendments are effective for the period beginning on or after 1 January 2025 of the Group:

Amendments to IAS 21 and IFRS 1	Lack of Exchangeability

Amendments to IAS 21 and IFRS 1

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking.

The adoption of the amended IFRS Accounting Standards had no material impact on how the results and financial position for the current and prior periods have been prepared and presented. The Group has not early applied any new or amended IFRS Accounting Standards that is not yet effective for the current accounting period.

3.2 New or amended IFRS Accounting Standards that have been issued but are not yet effective

The following new or amended IFRS Accounting Standards, potentially relevant to the Group's consolidated financial statements, have been issued, but not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to IFRS 9 & IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Annual improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosure, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IAS 7 Statement of Cash Flows[1]
IFRS 18	Presentation and Disclosure in Financial Statements[2]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual periods beginning on or after 1 January 2027

The Group is currently assessing the impact of these new accounting standards and amendments. 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.

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 (the “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 functional 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 income” 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.

3. Material Accounting Policy Information (Continued)

3.5 Property, plant and equipment (Continued)

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.

3.6 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

Intangible assets that have an indefinite useful life and goodwill, are not subject to amortisation and are tested annually for impairment. Property, plant and equipment, right-of-use assets, other 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. Material Accounting Policy Information (Continued)

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.

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 capital reserve; 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 capital reserve.

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 and contract asset. Other than those with significant outstanding balances which are assessed under individual basis, 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 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, loans due from the ultimate holding company and other receivables 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.

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.

3. Material Accounting Policy Information (Continued)

3.8 Financial instruments (Continued)

(c) Impairment of financial assets (Continued)

Measurement of ECL (Continued)

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.

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.

3. Material Accounting Policy Information (Continued)

3.8 Financial instruments (Continued)

(d) Classification and measurement of financial liabilities

The Group's financial liabilities include notes and trade payables, other payables, dividend 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.

(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.

3.10 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. Material Accounting Policy Information (Continued)

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 period 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, 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%.

3.13 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. Material Accounting Policy Information (Continued)

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 integrated 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.

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 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. Material Accounting Policy Information (Continued)

3.16 Leases

(a) The Group as a lessor

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

(b) The Group as a lessee

Definition of a lease and the Group as a lessee

For any new contracts, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contracts contain an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, the Group elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

3. Material Accounting Policy Information (Continued)

3.16 Leases (Continued)

(b) The Group as a lessee (Continued)

Measurement and recognition of leases as a lessee (Continued)

The Group remeasures lease liabilities whenever:

- there are changes in lease term, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments changes due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less.

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:

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost		
Notes, trade and other receivables	10,527,725	10,127,018
Restricted cash	319,866	230,148
Time deposits	11,350,689	9,963,265
Cash and cash equivalents	13,842,023	11,439,925
Loans due from the ultimate holding company	20,500,000	20,500,000
Financial assets at FVTOCI		
Fair value through other comprehensive income investments	254,603	254,123
Total financial assets	56,794,906	52,514,479
Financial liabilities		
Financial liabilities measured at amortised cost		
Notes, trade and other payables	27,158,606	24,300,636
Loan due to a fellow subsidiary – current	108,811	109,264
Loan due to a fellow subsidiary – non-current	49,654	40,813
Other financial instruments		
Lease liabilities	392,547	422,256
Total financial liabilities	27,709,618	24,872,969

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 for these entities.

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 30 June 2025 and 31 December 2024.

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.

At 30 June 2025	USD	Others
	RMB'000	RMB'000
Restricted cash, time deposits and cash and cash equivalents	4,950,587	4,423,131
Notes, trade and other receivables	572,945	2,739,892
Notes, trade and other payables	(592,010)	(4,313,114)
Loan due to a fellow subsidiary – current	(108,811)	–
Lease liabilities	–	(50,517)
Net exposure in RMB	4,822,711	2,799,392

At 31 December 2024	USD	Others
	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

A 5% strengthening of RMB against the USD as at 30 June 2025 and 31 December 2024 would have changed the equity and net profit by the amounts shown below:

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Decrease in equity and net profit		
– USD	(180,852)	(113,486)

A 5% weakening of RMB as at 30 June 2025 and 31 December 2024 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.

4. Financial and Capital Risks Management (Continued)

4.1 Financial risk management (Continued)

(a) Market risk (Continued)

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 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 security price risk because of the Group invested in certain unquoted securities investment.

(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.

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, other than those with significant outstanding balances which are assessed under individual basis, 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.

4. Financial and Capital Risks Management (Continued)

4.1 Financial risk management (Continued)

(b) Credit risk (Continued)

Impairment assessment under ECL model (Continued)

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.

(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 30 June 2025							
Notes, trade and other payables	**N/A**	**27,158,606**	**–**	**–**	**–**	**27,158,606**	**27,158,606**
Loan due to a fellow subsidiary – current	**6.30%**	**109,543**	**–**	**–**	**–**	**109,543**	**108,811**
Lease liabilities	**4.75%**	**202,315**	**104,804**	**76,441**	**42,413**	**425,973**	**392,547**
Loan due to a fellow subsidiary	**2.99%**	**–**	**31,311**	**19,349**	**–**	**50,660**	**49,654**
Total other liabilities		**27,470,464**	**136,115**	**95,790**	**42,413**	**27,744,782**	**27,709,618**

	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%	116,857	–	–	–	116,857	109,264
Lease liabilities	4.75%	177,370	155,173	79,134	48,428	460,105	422,256
Loan due to a fellow subsidiary	2.69%	–	12,881	30,898	–	43,779	40,813
Total other liabilities		24,594,863	168,054	110,032	48,428	24,921,377	24,872,969

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 fellow subsidiaries 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.

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Total other liabilities	27,709,618	24,872,969
Less: Restricted cash, time deposits and cash and cash equivalents	(25,512,578)	(21,633,338)
Net debt	2,197,040	3,239,631
Total equity (excluding non-controlling interests)	31,968,263	31,512,063
Total capital	34,165,303	34,751,694
Gearing ratio	6%	9%

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).

The fair value through other comprehensive income is estimated by the directors with reference to market capitalisation of comparable companies engaged in the same industry. There were no transfers between Level 1, 2 and 3 in the current and prior periods.

	Financial assets at FVTOCI
	RMB'000
At 1 January 2024	252,862
Total gains recognised in other comprehensive income	
– Changes in fair value of financial assets designated at fair value through other comprehensive income	1,395
At 30 June 2024	254,257
At 1 January 2025	**254,123**
Total gains recognised in other comprehensive income	
– Changes in fair value of financial assets designated at fair value through other comprehensive income	**480**
At 30 June 2025	**254,603**

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 period 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 30 June 2025, the contract assets (Note 22(a)) and contract liabilities (Note 22(b)) are RMB14,012,169,000 (31 December 2024: RMB11,409,353,000) and RMB26,183,934,000 (31 December 2024: RMB22,221,119,000) 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 16). 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 30 June 2025, the net carrying amount of property, plant and equipment is RMB4,302,245,000 (31 December 2024: RMB4,557,288,000).

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

The Group determines the provision for ECL on trade receivables (Note 20) and contract assets (Note 22(a)). This estimate is based on 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. As at 30 June 2025, the provision for impairment on trade receivables and contract assets are RMB2,230,415,000 (31 December 2024: RMB2,309,309,000) and RMB562,468,000 (31 December 2024: RMB548,208,000) respectively.

(d) Deferred taxes

The estimates of deferred income tax assets (Note 36) require estimates over future taxable profit and corresponding applicable income tax rates of respective periods. 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 periods in which such estimates are changed. As at 30 June 2025, deferred tax assets recognised in the consolidated statement of financial position is RMB679,096,000 (31 December 2024: RMB702,938,000).

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 period. 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 30 June 2025, the net liabilities of retirement benefit plan obligations (Note 32(b)) is RMB1,708,484,000 (31 December 2024: RMB1,782,034,000).

(f) Fair value through other comprehensive income investments

The unlisted equity investments have been valued based on the unobservable market data of the net asset value. The Group classifies the fair value of the investments as Level 3. The fair value of the unlisted equity investment as at 30 June 2025 is RMB254,603,000 (31 December 2024: RMB254,123,000). Further details are included in note 25 to the consolidated financial statements.

6. Revenue

The Group's revenue is set out below:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
		(Restated)
Engineering, consulting and licensing	1,796,268	1,461,271
EPC Contracting	19,070,130	16,782,566
Construction	10,492,426	10,196,514
Equipment manufacturing	200,090	213,677
	31,558,914	28,654,028

7. Segment Information

Management has determined the operating segments based on the reports reviewed by the senior management of the Company that are used to make strategic decisions.

The senior management of the Company 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.

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.

7. Segment Information (Continued)

Segment liabilities comprise operating liabilities.

Capital expenditure comprises additions to property, plant and equipment (Note 16), right-of-use assets (Note 17), intangible assets (Note 18) 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 six months ended 30 June 2025:

The segment results for the six-month ended 30 June 2025 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	1,796,268	19,070,130	10,492,426	200,090	–	–	31,558,914
Inter-segment revenue	106,763	–	2,392,562	172,003	–	(2,671,328)	–
Segment revenue	1,903,031	19,070,130	12,884,988	372,093	–	(2,671,328)	31,558,914
Segment results	183,122	785,214	155,413	7,023	28,713	-	1,159,485
Finance income							485,174
Finance expenses							(31,809)
Share of loss of a joint arrangement	(167)	(3,349)	-	-	-	-	(3,516)
Profit before taxation							1,609,334
Income tax expense							(221,693)
Profit for the period							1,387,641
Other segment items							
Depreciation	167,138	128,700	203,273	6,175	4,415	–	509,701
Amortisation	14,567	5,298	2,128	–	388	–	22,381
Capital expenditures							
– Property, plant and equipment	9,608	8,936	107,857	76	1,209	–	127,686
– Right-of-use assets	71,118	11,397	2,097	–	–	–	84,612
– Intangible assets	788	2,809	1,027	–	–	–	4,624
Provision/(Reversal of provision) for ECL on trade and other receivables and contract assets, net	7,693	(5,407)	(61,690)	(16,953)	(6,677)	–	(83,034)

The segment assets and liabilities as at 30 June 2025 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	16,823,175	36,226,172	21,612,429	801,680	(19,613,182)	55,850,274
Investment in a joint arrangement	3,919	5,946	10,270	-	-	20,135
Unallocated assets						32,529,785
Total assets						88,400,194
Liabilities						
Segment liabilities	18,279,432	40,996,540	17,867,963	386,436	(21,174,636)	56,355,735
Unallocated liabilities						2,634
Total liabilities						56,358,369

7. Segment Information (Continued)

(ii) For the six months ended 30 June 2024 and as at 31 December 2024:

The segment results for the six months ended 30 June 2024 were 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)
Segment revenue and results							
Revenue from external customers	1,461,271	16,782,566	10,196,514	213,677	–	–	28,654,028
Inter-segment revenue	66,725	–	2,893,134	153,539	–	(3,113,398)	–
Segment revenue	1,527,996	16,782,566	13,089,648	367,216	–	(3,113,398)	28,654,028
Segment results	97,225	534,680	330,304	11,320	(37,089)	–	936,440
Finance income							607,933
Finance expenses							(29,422)
Share of loss of a joint arrangement	(354)	–	–	–	–	–	(354)
Share of profit of associates	1,943	2,915	–	–	–	–	4,858
Profit before taxation							1,519,455
Income tax expense							(195,175)
Profit for the period							1,324,280
Other segment items							
Depreciation	123,555	94,127	253,164	6,332	–	–	477,178
Amortisation	13,764	5,312	2,117	–	388	–	21,581
Capital expenditures							
– Property, plant and equipment	61,029	17,867	97,302	121	–	–	176,319
– Right-of-use assets	5,800	29,475	21,717	–	–	–	56,992
– Intangible assets	–	4,265	1,089	–	–	–	5,354
Provision/(reversal of provision) for ECL on trade and other receivables and contract assets, net (Restated)	18,342	(20,182)	(18,320)	(18,700)	(6,650)	–	(45,510)

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 assets						2,627
Total liabilities						49,931,854

7. Segment Information (Continued)

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 and investment in a joint arrangement, 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.

Revenue

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
		(Restated)
The PRC	**24,134,171**	24,786,734
Saudi Arabia	**4,439,754**	2,417,201
Singapore	**295,109**	357,367
Algeria	**388,611**	325,329
Other countries	**2,301,269**	767,397
	31,558,914	28,654,028

Information about major customers

The customers accounted for more than 10% of the total revenue of the Group and revenue from them for the six months ended 30 June 2025 and 2024, the details are as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Fellow subsidiary and its subsidiaries		
– Customer group A	**7,172,435**	11,346,854

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

Specified non-current assets

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
The PRC	**6,152,423**	6,440,803
Other countries	**610,918**	649,737
	6,763,341	7,090,540

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 six months ended 30 June 2025					
– At a point in time	–	–	–	200,090	200,090
– Over time	1,796,268	19,070,130	10,492,426	–	31,358,824
Total revenue	1,796,268	19,070,130	10,492,426	200,090	31,558,914
For the six months ended 30 June 2024 (Restated)					
– At a point in time	–	–	–	213,677	213,677
– Over time	1,461,271	16,782,566	10,196,514	–	28,440,351
Total revenue	1,461,271	16,782,566	10,196,514	213,677	28,654,028
Nature of construction project					
For the six months ended 30 June 2025					
– Oil refining	373,331	3,057,928	2,272,337	1,128	5,704,724
– Petrochemicals	998,487	12,260,544	6,430,688	198,508	19,888,227
– New coal chemicals	189,411	959,816	149,866	–	1,299,093
– Storage and transportation and others	235,039	2,791,842	1,639,535	454	4,666,870
Total revenue	1,796,268	19,070,130	10,492,426	200,090	31,558,914
For the six months ended 30 June 2024 (Restated)					
– Oil refining	381,475	1,364,840	1,314,652	8,373	3,069,340
– Petrochemicals	884,229	11,432,051	7,298,575	205,304	19,820,159
– New coal chemicals	88,116	77,503	100,009	–	265,628
– Storage and transportation and others	107,451	3,908,172	1,483,278	–	5,498,901
Total revenue	1,461,271	16,782,566	10,196,514	213,677	28,654,028

8. Other Income/(loss)

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
		(Restated)
Operating lease rental income on property, plant and equipment	54,141	49,111
Income from write back long outstanding payables	8,908	3,114
Government grants[(1)]	25,821	14,355
Others	50,210	(116,463)
	139,080	(49,883)

Note:
(1) Government grants mainly represent financial subsidies from Talent Development Fund and job stabilisation subsidies.

9. Other Gains – Net

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Gain on disposal of property, plant and equipment	20,983	867

10. Finance Income and Finance Expenses

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
		(Restated)
Finance income		
Interest income from the ultimate holding company	247,574	281,683
Interest income from the fellow subsidiaries	41,994	60,255
Bank interest income	195,606	265,995
	485,174	607,933
Finance expenses		
Interest expenses on retirement and other supplementary benefit obligation	(14,702)	(21,671)
Finance charges on lease liabilities	(9,645)	(4,345)
Interest expense on loan due to a fellow subsidiary	(3,470)	(2,616)
Other interest expenses	(3,992)	(790)
	(31,809)	(29,422)
	453,365	578,511

11. Profit before Taxation

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
		(Restated)
Staff costs, including directors and supervisors emoluments (Note 15)	2,833,485	2,459,533
Retirement benefit plan contribution (including in the above mentioned staff costs)	479,201	464,316
Cost of goods sold	11,930,764	11,366,438
Subcontracting costs	10,701,069	9,754,952
Depreciation and amortisation		
– Property, plant and equipment	380,358	408,913
– Right of use assets	129,343	68,265
– Intangible assets	22,381	21,581
Operating lease rentals		
Short term leases expenses	302,775	240,422
Reversal of provision for ECL on trade and other receivables and contract assets, net	(83,034)	(45,510)
Rental income from property, plant and equipment after relevant expenses	(44,685)	(38,185)
Research and development costs	1,009,080	944,449
Gains on disposal/write-off of property, plant and equipment	(20,983)	(867)
Exchange (gains)/losses, net	(87,101)	7,257

12. Income Tax Expense

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
		(Restated)
Current tax		
PRC enterprise income tax	161,151	151,176
Overseas enterprise income tax	38,484	12,807
(Over)/Under provision for income tax in prior periods	(1,692)	7,004
	197,943	170,987
Deferred tax		
Origination and reversal of temporary differences (note 36)	23,750	24,188
Income tax expense	221,693	195,175

12. Income Tax Expense (Continued)

According to the Corporate Income Tax Law of the PRC, the applicable income tax of the six months ended 30 June 2025 and 2024 is 25%.

According to the normal statutory PRC corporate income tax and relevant rules, for the six months ended 30 June 2025 and 2024, 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 Group is operating in certain jurisdictions where the Pillar Two Rules are effective or enacted but not effective. However, as the Group's estimated effective tax rates of all the jurisdictions in which the Group operates are higher than 15%, after taking into account the adjustments under the Pillar Two Rules based on management's best estimate, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

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:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
		(Restated)
Profit before taxation	1,609,334	1,519,455
Taxation calculated at the statutory tax rate	402,334	379,864
Income tax effects of:		
Preferential income tax treatments of certain companies	(208,132)	(208,877)
Difference in overseas profits tax rates	(17,573)	(18,617)
Non-deductible expenses	28,205	44,014
Income not subject to tax	(3,516)	(7,686)
Unrecognised tax losses	22,940	6,721
Utilisation of previously unrecognised tax losses	(873)	(7,248)
(Over)/Under provision for income tax in prior periods	(1,692)	7,004
Income tax expense	221,693	195,175
Effective income tax rate	13.8%	12.8%

13. Earnings per Share

Basic earnings per share for each of the six months ended 30 June 2025 and 2024 is calculated based on the profit attributable to the equity holders of the Company and the weighted average number of ordinary shares in issue.

	Six months ended 30 June	
	2025	2024
		(Restated)
Profit attributable to equity holders of the Company (RMB'000)	1,383,520	1,319,795
Weighted average number of ordinary shares in issue	4,372,576,108	4,410,064,851
Basic earnings per share (RMB)	0.32	0.30

Diluted earnings per share is equal to basic earnings per share as there was no diluted potential ordinary shares outstanding for the reporting period.

14. Dividends

Dividends represented dividends declared by the Company during each of six months ended 30 June 2025 and 2024.

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Final dividends in respect of the year ended 31 December 2024, approved but not paid during interim period of RMB0.208 per ordinary share (2023: RMB0.224 per ordinary share)	913,985	986,753

(1) Subsequent to the end of the current interim period, pursuant to a resolution passed at the board of Directors' meeting on 15 August 2025, the Directors authorised to declare the interim dividends for the six months ended 30 June 2025 of RMB0.160 (2024: RMB0.150) per share totalling RMB703,066,000 (2024: RMB660,772,000).

15. Employment Benefits

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Salaries, wages and bonuses	1,731,782	1,385,229
Retirement benefits[(1)]	464,795	442,355
Early retirement and supplemental pension benefit (Note 32(b))		
– interest cost	14,702	21,671
– Immediate recognition of actuarial (gains)/losses	(296)	290
Housing fund[(2)]	225,524	213,010
Welfare, medical and other expenses	396,978	396,978
	2,833,485	2,459,533

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% (2024: 14% to 19%) of the specified salaries of the PRC employees for the six months ended 30 June 2025. 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.

16. 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 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
Six months ended 30 June 2024 (Restated)				
Opening net book amount	1,954,386	2,284,306	570,370	4,809,062
Transfers	2,005	73,694	(75,699)	–
Additions	–	35	176,284	176,319
Depreciation	(62,252)	(346,661)	–	(408,913)
Disposals/write-off	–	(3,848)	–	(3,848)
Closing net book amount	1,894,139	2,007,526	670,955	4,572,620
At 30 June 2024 (Restated)				
Cost	3,936,265	6,414,858	670,955	11,022,078
Accumulated depreciation and impairment	(2,042,126)	(4,407,332)	–	(6,449,458)
Net book amount	1,894,139	2,007,526	670,955	4,572,620
At 1 January 2025				
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**
Six months ended 30 June 2025				
Opening net book amount	**1,882,431**	**2,076,049**	**598,808**	**4,557,288**
Transfers	**146**	**193,520**	**(193,666)**	**–**
Additions	**–**	**134**	**127,552**	**127,686**
Depreciation	**(57,707)**	**(322,651)**	**–**	**(380,358)**
Disposals/write-off	**–**	**(2,371)**	**–**	**(2,371)**
Closing net book amount	**1,824,870**	**1,944,681**	**532,694**	**4,302,245**
At 30 June 2025				
Cost	**3,973,110**	**6,693,190**	**532,694**	**11,198,994**
Accumulated depreciation and impairment	**(2,148,240)**	**(4,748,509)**	**–**	**(6,896,749)**
Net book amount	**1,824,870**	**1,944,681**	**532,694**	**4,302,245**

Depreciation expense recognised is analysed as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Cost of sales	**350,743**	365,175
Selling and marking expenses	**121**	157
Administrative expenses	**9,057**	20,101
Research and development costs	**20,437**	23,480
	380,358	408,913

17. Right-of-use Assets

The Group leases assets including buildings and other facilities, machinery, transportation equipment and other equipment and land use right. 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 2024	156,095	13,231	2,058,386	2,227,712
Additions	47,827	9,165	–	56,992
Depreciation	(35,700)	(3,967)	(28,598)	(68,265)
Modification	(6,609)	(179)	–	(6,788)
Balance at 30 June 2024	161,613	18,250	2,029,788	2,209,651
Balance at 1 January 2025	**408,264**	**14,803**	**1,903,981**	**2,327,048**
Additions	**83,854**	**758**	**–**	**84,612**
Depreciation	**(99,233)**	**(2,867)**	**(27,243)**	**(129,343)**
Modification	**(1,373)**	**(4,779)**	**–**	**(6,152)**
Balance at 30 June 2025	**391,512**	**7,915**	**1,876,738**	**2,276,165**

Depreciation recognised is analysed as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Cost of sales	**63,189**	52,081
Administrative expenses	**32,724**	13,716
Research and development costs	**33,430**	2,468
	129,343	68,265

18. Intangible Assets

	Patent	Computer software	Total
	RMB'000	RMB'000	RMB'000
At 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
Six months ended 30 June 2024 (Restated)			
Opening net book amount	9,006	168,270	177,276
Additions	–	5,354	5,354
Amortisation	(505)	(21,076)	(21,581)
Closing net book amount	8,501	152,548	161,049
At 30 June 2024 (Restated)			
Cost	489,982	653,308	1,143,290
Accumulated amortisation	(481,481)	(500,760)	(982,241)
Net book amount	8,501	152,548	161,049
At 1 January 2025			
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**
Six months ended 30 June 2025			
Opening net book amount	**27,359**	**155,194**	**182,553**
Additions	**–**	**4,624**	**4,624**
Amortisation	**(1,481)**	**(20,900)**	**(22,381)**
Closing net book amount	**25,878**	**138,918**	**164,796**
At 30 June 2025			
Cost	**509,508**	**681,452**	**1,190,960**
Accumulated amortisation	**(483,630)**	**(542,534)**	**(1,026,164)**
Net book amount	**25,878**	**138,918**	**164,796**

Amortisation recognised is analysed as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Cost of sales	**6,982**	5,754
Administrative expenses	**12,180**	11,765
Research and development costs	**3,219**	4,062
	22,381	21,581

19. Investment in Joint Arrangement and Associates

(a) Investment in joint arrangement

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Joint venture		
Beginning of the period	23,651	4,026
Share of total comprehensive expense	(3,516)	(354)
Addition	–	9,294
End of the period	20,135	12,966

The Group's material 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	Indirect effective interest held	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 (2024: RMB3,000,000)	50% (2024: 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 (2024: SAR10,000,000)	49% (2024: 49%)	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 (2024: THB49,000,000)	49% (2024: 49%)	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:

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Current assets	22,304	16,588
Non-current assets	644	722
Total assets	22,948	17,310
Current liabilities	15,109	9,137
Total liabilities	15,109	9,137
Equity	7,839	8,173
Share of equity by the Group (50%) (2024: 50%)	3,919	4,086

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Revenue	–	–
Loss and total comprehensive expense for the period	(333)	(708)
Share of total comprehensive expense (50%) (2024:50%)	(167)	(354)

19. Investment in Joint Arrangement and Associates (Continued)

(a) Investment in joint arrangement (Continued)

(2) The Group's share of the results of Abdel Hadi Abdullah Al-Qahtani & Sons Sinopec Shanghai Engineering Contracting Company its aggregated assets and liabilities, are as follows:

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Current assets	7,931	–
Non-current assets	11,559	–
Total assets	19,490	–
Non-current liabilities	7,077	–
Total liabilities	7,077	–
Equity	12,413	–
Share of equity by the Group (49%) (2024: 49%)	6,082	–

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Revenue	–	–
Loss and total comprehensive expense for the period	(6,835)	–
Share of total comprehensive expense (49%) (2024:49%)	(3,349)	–

(3) NAMPEC Transportation and Engineering Co., Ltd. was incorporated in 2024, and not yet commence the business during the period.

There are no material contingent liabilities and commitments relating to the Group's interests in the joint venture and no material contingent liabilities and commitments of each material joint venture itself.

(b) Investments in associates

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
		(Restated)
Beginning of the period	–	143,174
Share of total comprehensive income	–	4,792
Dividend distribution	–	(27,999)
End of the period	–	119,967

19. Investment in Joint Arrangement and Associates (Continued)

(b) Investments in associates (Continued)

The Group's material associate, which was unlisted and established in a form of limited company, is as follows:

Name	Establishment/ Place of incorporation	Registered and fully paid capital	Indirect effective interest held	Principal activities and place of operations
		RMB'000		
China Petrochemical Technology Co., Ltd. ("Sinopec Tech") (中國石油化工科技開發有限公司)[1]	The PRC	– (2024: 50,000)	0% (2024: 35.00%)	Technical development, Technical service/ The PRC

The above associates was accounted for by using the equity method.

(1) The Group's share of the results of China Petrochemical Technology Co., Ltd., its aggregated assets and liabilities, are as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Revenue	–	228,465
Profit and total comprehensive income for the period	–	13,693
Share of total comprehensive income 0% (2024: 35%)	–	4,792

For the six months ended 30 June 2024, China Petrochemical Technology Co., Ltd. declares dividends of RMB80,000,000.

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 in 2024. Upon completion of the transactions, the Group would no longer hold any equity interest in Sinopec Tech.

20. Notes and Trade Receivables

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Trade receivables		
Fellow subsidiaries	1,867,685	2,270,381
Joint ventures of fellow subsidiaries	370,796	241,548
Associates of fellow subsidiaries	523,720	202,886
Third parties	6,675,549	7,284,999
	9,437,750	9,999,814
Less: ECL allowance for impairment	(2,230,415)	(2,309,309)
Trade receivables – net	7,207,335	7,690,505
Notes receivables	465,044	728,629
Notes and trade receivables – net	7,672,379	8,419,134

20. Notes and Trade Receivables (Continued)

The carrying amounts of the Group's notes and trade receivables as at 30 June 2025 and 31 December 2024 approximate their fair values.

All notes receivables of the Group are bank's acceptance bills and commercial's acceptance bills and usually collected within one year 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:

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Within 1 year	7,007,847	7,685,300
Between 1 and 2 years	387,095	478,713
Between 2 and 3 years	209,370	176,113
Between 3 and 4 years	32,203	43,643
Between 4 and 5 years	12,866	12,552
Over 5 years	22,998	22,813
	7,672,379	8,419,134

The movements of ECL allowance on trade receivables are as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
		(Restated)
At the beginning of the period	2,309,309	2,302,776
ECL allowance	57,280	102,076
Receivables written off as uncollectible	–	(1,661)
Reversal	(136,174)	(107,422)
At the end of the period	2,230,415	2,295,769

During the period ended 30 June 2025, 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:

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
RMB	6,074,873	6,728,216
USD	445,096	392,566
SAR	584,862	689,111
KWD	104,153	106,935
Others	463,395	502,306
	7,672,379	8,419,134

21. Prepayments and Other Receivables

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Prepayments		
Prepayments for fellow subsidiaries	241,102	257,966
Prepayments for joint ventures of fellow subsidiaries	3,244	3,143
Prepayments for associates of fellow subsidiaries	4,965	2,983
Prepayments for joint ventures	5,652	5,652
Prepayments for construction	1,416,274	1,317,410
Prepayments for materials and equipment	5,813,724	6,160,817
Prepayments for labour costs	188,308	171,465
Prepayments for rent	1,778	2,191
Others	286,604	196,024
	7,961,551	8,117,651
Other receivables		
Amounts due from fellow subsidiaries(1)	306,986	381,218
Amounts due from joint ventures of fellow subsidiaries(1)	162,417	187,992
Amounts due from associates of fellow subsidiaries(1)	174,977	80,204
Interests receivable	81,939	366,207
Petty cash funds	1,414	2,126
Other guarantee deposits and deposits	132,031	137,186
Payment in advance	1,852,593	479,423
Maintenance funds	64,553	65,135
Prepaid value-added tax and value-added tax credit	1,369,922	1,047,566
Prepaid income tax	215,806	93,897
Others	182,034	128,880
	4,544,672	2,969,834
Less: ECL allowance for impairment	(103,598)	(120,487)
Prepayments and other receivables – net	12,402,625	10,966,998

(1) The amounts due from related parties are unsecured, interest free and repayable on demand.

The carrying amounts of the Group's prepayments and other receivables as at 30 June 2025 and 31 December 2024 approximate their fair values.

The movements of ECL allowance on other receivables are as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
At the beginning of the period	120,487	121,089
ECL allowance	8,935	13,824
Reversal	(25,824)	(14,521)
At the end of the period	103,598	120,392

22. Contract Assets and Contract Liabilities

(a) Contract assets

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Contract assets arising from construction contracts, net of ECL provision	14,012,169	11,409,353

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:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
At the beginning of the period	548,208	662,374
ECL allowance	32,532	20,148
Reversal	(18,272)	(57,182)
At the end of the period	562,468	625,340

(b) Contract liabilities

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Contract liabilities arising from construction contracts	26,183,934	22,221,119

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 2025 is RMB22,221,119,000 (1 January 2024: RMB24,760,910,000), in which RMB16,621,766,000 (2024: RMB14,158,936,000) was recognised as revenue during the period.

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 30 June 2025, 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 RMB212,275,823,000 (31 December 2024: RMB172,676,580,000), typically around five to eight years, 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.

23. Inventories

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Raw materials	356,896	289,817
Turnover materials	224,546	254,714
Goods in transit	49,810	20,233
	631,252	564,764
Provision for impairment on inventories	(27,849)	(27,849)
Inventory, net	603,403	536,915

For the period ended 30 June 2025 and 2024, the cost of inventories recognised as expense and included in cost of sales amounted to RMB11,930,764,000 and RMB11,366,438,000 respectively.

24. 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:

	As at 30 June 2025	As at 31 December 2024
Loans due from the ultimate holding company	2.30% to 2.90%	2.30% to 2.90%

25. Fair Value through Other Comprehensive Income Investments

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Beginning of period	254,123	252,862
Fair value changes	480	1,395
End of period	254,603	254,257

Financial assets, at FVTOCI is analysed as follows:

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Unlisted equity shares	254,603	254,123

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.

These financial assets at FVTOCI are classified as non-current as the management expects to realise these financial assets beyond twelve months after the reporting period.

The financial asset, at FVTOCI 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. Restricted Cash

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Restricted cash		
– RMB	**319,866**	230,148

Restricted cash mainly represented restricted funds frozen by the order of Justice, bank deposits for guarantees and deposit for migrant workers' salaries.

As at 30 June 2025 and 31 December 2024, 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.

27. Time Deposits

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Time deposits with initial term over three months:		
Time deposits in banks	**8,825,900**	8,707,711
Time deposits in fellow subsidiaries	**2,524,789**	1,255,554
	11,350,689	9,963,265

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Denominated in:		
– RMB	**8,349,420**	8,730,414
– USD	**2,616,042**	1,206,932
– MYR	**202,675**	25,919
– Others	**182,552**	–
	11,350,689	9,963,265

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 (2024: three months to three years), are approximately 1.20% to 21.20% as at 30 June 2025 (2024: 1.35% to 5.20%).

The maximum exposure to credit risk approximates to carrying amounts of the Group's time deposits at the end of the respective reporting periods.

28. Cash and Cash Equivalents

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Cash at bank and in hand		
– less than three months time deposits	4,273,929	1,831,936
– cash deposits	4,455,507	3,384,464
	8,729,436	5,216,400
Deposits in fellow subsidiaries		
– less than three months time deposits	2,895,067	1,304,634
– cash deposits	2,217,520	4,918,891
	5,112,587	6,223,525
	13,842,023	11,439,925

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Denominated in:		
– RMB	7,469,574	7,054,094
– USD	2,334,545	1,864,697
– SAR	1,550,091	866,184
– EUR	851,431	579,816
– KWD	11,635	13,140
– THB	6,060	4,356
– MYR	131,525	314,723
– Others	1,487,162	742,915
	13,842,023	11,439,925

The fellow subsidiaries are Sinopec Finance Co., Ltd. and Sinopec Century Bright Capital Investment Limited.

As at 30 June 2025 and 31 December 2024, 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 for deposits in fellow subsidiaries, with maturities of seven days to three months (2024: seven days to three months) are approximately 1.05% to 4.40% as at 30 June 2025(2024: 1.35% to 4.50%).

The effective interest rates per annum on deposits less than three months, with maturities of seven days to three months (2024: seven days to three months), are approximately 0.10% to 21.00% as at 30 June 2025 (2024: 0.00% to 25.10%).

The maximum exposure to credit risk approximates the carrying amounts of cash and cash equivalents at the end of the respective reporting periods.

29. Share Capital

	As at 30 June 2025		As at 31 December 2024	
	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	1,426,960,500	1,426,961	1,430,681,000	1,430,681
	4,394,160,500	4,394,161	4,397,881,000	4,397,881

(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 Sinopec Assets Management Co., Ltd (a fellow subsidiary); and
(c) 219,980,000 shares are held by China National Petroleum Corporation.

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 2024	451,500	4.06	4.02	1,831
March 2024	2,741,000	4.68	4.28	12,472
April 2024	6,837,500	5.08	4.53	33,151
June 2024	3,806,500	5.46	5.18	20,299
August 2024	1,741,000	5.72	5.31	9,625
September 2024	1,718,000	5.58	5.11	9,133
March 2025	3,720,500	5.70	5.57	20,956

During the year ended 31 December 2024, 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.

During the period ended 30 June 2025, the 3,720,500 shares of above ordinary shares were cancelled upon its repurchase on 12 May 2025.

30. Reserves

(i) 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 periods' 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.

30. Reserves (Continued)

(ii) 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 the Group and associate.

(iii) 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.

(iv) 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.

(v) 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 in prior year over the nominal value of the share capital of the Company issued in exchange.

31. Lease Liabilities

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Total minimum lease payments:		
Due within one year	202,315	177,370
Due in the second to fifth years	181,245	234,307
Due after the fifth year	42,413	48,428
	425,973	460,105
Future finance charges on leases liabilities	(33,426)	(37,849)
Present value of leases liabilities	392,547	422,256
Present value of minimum lease payments:		
Due within one year	194,186	169,920
Due in the second to fifth years	163,180	212,117
Due after the fifth year	35,181	40,219
	392,547	422,256
Less:		
Portion due within one year included under current liabilities	(194,186)	(169,920)
Portion due after one year included under non-current liabilities	198,361	252,336

During the six months ended 30 June 2025, the Group entered into a number of lease agreements for usage of residential properties, office and equipment for 1 to 20 years (2024: 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 RMB84,612,000 (2024: RMB56,992,000).

During the six months ended 30 June 2025, the total cash outflows for the leases are RMB366,344,000 (2024: RMB159,010,000).

31. Lease Liabilities (Continued)

Details of the lease activities

As at 30 June 2025, 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 (2024: 134)	1 to 10 years (2024: 1 to 10 years)
Prepaid use rights payment in PRC	Land use right in "property, plant and equipment"	130 (2024: 131)	19 to 58 years (2024: 19 to 58 years)

The Group considered that no extension option or termination option would be exercised at the lease commencement date.

32. Retirement and Other Supplemental Benefit Obligations

(a) State-managed retirement plan

For the six months ended 30 June 2025, 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%, (2024: 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 15(1)).

The total costs charged to the consolidated statement of profit or loss and other comprehensive income during the six months ended 30 June 2025 and 2024 are as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Contributions to state-managed retirement plan	464,795	442,355

(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, benefit growth rate risk.

The Group is not obligated to provide post-employment benefits to incumbent employees.

The most recent actuarial valuation as at 30 June 2025 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):

	As at 30 June 2025	As at 31 December 2024
Retirement with honors benefit plan	1.50%	1.25%
Retirement benefit plan	1.75%	1.75%
Early retirement benefit plan	1.25%	1.00%

32. Retirement and Other Supplemental Benefit Obligations (Continued)

(b) Group employee retirement benefit plans (Continued)

(ii) Benefit growth rates (per annum):

	As at 30 June 2025	As at 31 December 2024
Retirement with honors benefit plan	1.70%	1.70%
Retirement benefit plan	2.30%	2.30%
Early retirement benefit plan	1.00%	1.00%

(iii) Duration:

	As at 30 June 2025	As at 31 December 2024
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	4.0 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 30 June 2025 Increase/(decrease) in retirement benefit plan obligation		As at 31 December 2024 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	(37,245)	38,751	(38,640)	40,200
Benefit growth rates	37,009	(35,752)	38,383	(37,082)

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.

32. 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 profit or loss and other comprehensive income are as follows:

	Retirement with honors benefit plan	Retirement benefit plan	Early retirement benefit plan	Total
	RMB'000	RMB'000	RMB'000	RMB'000
For the six months ended 30 June 2024				
Net interest expenses	224	20,712	735	21,671
Immediate recognition of actuarial losses	–	–	290	290
Benefit cost recognised in profit or loss	224	20,712	1,025	21,961
Revaluation of net benefit obligation liabilities				
Actuarial revaluation of economic assumptions change	–	38,190	–	38,190
Actuarial revaluation of other assumptions change	281	(60)	–	221
Benefit cost recognised in other comprehensive income	281	38,130	–	38,411
Total benefit cost recognised in the consolidated statement of profit or loss and other comprehensive income	505	58,842	1,025	60,372
For the six months ended 30 June 2025				
Net interest expenses	**87**	**14,360**	**255**	**14,702**
Immediate recognition of actuarial losses	**–**	**–**	**(296)**	**(296)**
Benefit cost recognised in profit or loss	**87**	**14,360**	**(41)**	**14,406**
Revaluation of net benefit obligation liabilities				
Actuarial revaluation of economic assumptions change	**(6)**	**–**	**–**	**(6)**
Actuarial revaluation of other assumptions change	**(111)**	**(65)**	**–**	**(176)**
Benefit cost recognised in other comprehensive income	**(117)**	**(65)**	**–**	**(182)**
Total benefit cost recognised in the consolidated statement of profit or loss and other comprehensive income	**(30)**	**14,295**	**(41)**	**14,224**

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 period.

Service cost and net interest expenses are recognised in employment benefits, part of the administrative expenses and finance expenses of the consolidated statement of profit or loss and other 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.

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:

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Net liabilities of retirement benefit plan obligation	**1,708,484**	1,782,034

32. Retirement and Other Supplemental Benefit Obligations (Continued)

(b) Group employee retirement benefit plans (Continued)

The movement of retirement benefit plan obligation as follows:

	Retirement with honors benefit plan	Retirement benefit plan	Early retirement benefit plan	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	20,058	1,724,156	76,982	1,821,196
Net interest expenses	224	20,712	735	21,671
Immediate recognition of actuarial losses	–	–	290	290
Revaluation gains/(losses):				
Actuarial revaluation of economic assumptions change	–	38,190	–	38,190
Actuarial revaluation of other assumptions change	281	(60)	–	221
Direct benefit paid by the Group	(3,094)	(72,028)	(16,202)	(91,324)
At 30 June 2024	17,469	1,710,970	61,805	1,790,244
At 1 January 2025	**15,620**	**1,706,250**	**60,164**	**1,782,034**
Net interest expenses	**87**	**14,360**	**255**	**14,702**
Immediate recognition of actuarial losses	**–**	**–**	**(296)**	**(296)**
Revaluation gains/(losses):				
Actuarial revaluation of economic assumptions change	**(6)**	**–**	**–**	**(6)**
Actuarial revaluation of other assumptions change	**(111)**	**(65)**	**–**	**(176)**
Direct benefit paid by the Group	**(2,711)**	**(72,499)**	**(12,564)**	**(87,774)**
At 30 June 2025	**12,879**	**1,648,046**	**47,559**	**1,708,484**

The Group has no reserve of plan assets, no capital injection of plan assets is established and no future contribution is arranged.

33. Provision for Litigation Claims

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Beginning of the period	–	191,681
Exchange difference	–	(3,363)
Payment	–	(1,748)
Reversal of provision	–	(186,570)
End of the period	–	–

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. The management of the Group has calculated all provision for the expected compensation incurred in accordance with the progress and solutions of the case. In 2024, 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.

As at 30 June 2025 and 31 December 2024, no additional provision for litigation claims is provided.

34. Notes and Trade Payables

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Trade payables		
– Fellow subsidiaries	114,807	258,821
– Associates of fellow subsidiaries	173	173
– Joint ventures of fellow subsidiaries	291	322
– Third parties	22,884,086	20,551,766
	22,999,357	20,811,082
Notes payables	845,259	1,218,893
Notes and trade payables	23,844,616	22,029,975

The carrying amounts of the Group's notes and trade payables as at 30 June 2025 and 31 December 2024 approximate their fair values.

Ageing analysis of notes and trade payables based on invoice date is as follows:

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Within 1 year	23,824,229	21,502,809
Between 1 and 2 years	2,688	71,398
Between 2 and 3 years	3,681	36,977
Over 3 years	14,018	418,791
	23,844,616	22,029,975

The carrying amounts of notes and trade payables are denominated in the following currencies:

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
RMB	20,102,023	19,641,168
USD	167,281	210,432
SAR	2,267,427	1,599,764
KWD	45,946	40,087
MYR	19,379	9,524
THB	49,972	47,167
Others	1,192,588	481,833
	23,844,616	22,029,975

35. Other Payables

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Salaries payables	233,175	308,584
Other taxation payables	300,978	591,507
Output value-added tax to be recognised	–	4,124
Deposits and guarantee deposits payables	122,593	107,192
Advanced payables	1,225,438	772,969
Rent, property management and maintenance payables	69,332	68,338
Contracts payables	193,499	385,801
Amounts due to ultimate holding company(1)	–	18
Amounts due to fellow subsidiaries(1)	378,689	446,909
Amounts due to a joint venture(1)	71	71
Amounts due to associates of fellow subsidiaries(1)	16,708	19,207
Dividend payables	885,803	–
Interest payables	3,849	381
Others	184,833	161,191
Total other payables	3,614,968	2,866,292

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 30 June 2025 and 31 December 2024 approximate their fair values.

36. Deferred Income Tax

Deferred income tax assets recognised:

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Deferred income tax assets	679,096	702,938

Deferred income tax liabilities recognised:

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Deferred income tax liabilities	2,634	2,627

36. Deferred Income Tax (Continued)

The movement on the deferred income tax account is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
		(Restated)
At the beginning of the period	700,311	751,138
Credited to equity	(99)	5,123
Tax charged to profit for the period (Note 12)	(23,750)	(24,188)
At the end of the period	676,462	732,073

The movement in deferred income tax during the periods ended 30 June 2025 and 2024 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 2024 (Restated)	275,456	444,752	30,930	751,138
Credited/(charged) to:				
Loss/(Profit) for the period	(10,576)	(10,066)	(3,546)	(24,188)
Equity	5,762	–	(639)	5,123
At 30 June 2024 (Restated)	270,642	434,686	26,745	732,073
At 1 January 2025	269,409	426,088	4,814	700,311
Credited/(charged) to:				
Loss/(Profit) for the period	(11,020)	(13,531)	801	(23,750)
Equity	(27)	–	(72)	(99)
At 30 June 2025	258,362	412,557	5,543	676,462

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:

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Tax losses for which no deferred income tax asset was recognised	1,187,929	1,352,151

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.

37. Loans Due to a Fellow Subsidiary

Based on the repayment dates as scheduled in the loan agreements, the Group's loans are due for repayments, as at the end of the reporting period, as follows:

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Within 1 year	108,811	109,264
Over 1 year and within 2 years	30,854	11,512
Over 2 and within 3 years	18,800	29,301
	158,465	150,077

Loans due to a fellow subsidiary is unsecured, repayable within one year to three years and interest bearing at 2.85% to 7.64% (31 December 2024: 2.50% to 6.56%) per annum. The fellow subsidiary is Sinopec Century Bright Capital Investment Limited.

38. Commitments

(a) Capital commitments

Capital commitments for the purchase of property, plant and equipment outstanding as at 30 June 2025 and 31 December 2024 not provided for in the consolidated financial statements are as follows:

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Contracted but not provided for		
– Property, plant and equipment	8,365	24,901

(b) Operating leasing commitments

At the reporting date, the lease commitments for short-term leases are as follows:

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Less than 1 year	41,998	32,369

As at 30 June 2025 and 31 December 2024, 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.

39. Cash Generated from/(used in) Operations

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
		(Restated)
Profit before taxation	1,609,334	1,519,455
Adjustments for:		
Reversal of provision ECL on trade and other receivables and contract assets, net	(83,034)	(45,510)
Depreciation of property, plant and equipment	380,358	408,913
Depreciation of right-of-use assets	129,343	68,265
Amortisation of intangible assets	22,381	21,581
Net gains on disposal of property, plant and equipment	(20,983)	(867)
Interest income	(485,174)	(607,933)
Interest expense	31,809	29,422
Exchange (gains)/losses, net	(87,101)	7,257
Share of loss of a joint arrangement	3,516	354
Share of profit of associates	–	(4,858)
Cash flows from operating activities before changes in working capital	1,500,449	1,396,079
Changes in working capital:		
– Inventories	(66,488)	(98,878)
– Contract assets	(2,612,800)	(2,293,694)
– Contract liabilities	3,962,815	(3,395,922)
– Notes, trade and other receivables	(526,832)	(1,990,210)
– Notes, trade and other payables	935,998	2,139,679
– Restricted cash	(89,718)	(22,846)
Cash generated from/(used in) operations	3,103,424	(4,265,792)

40. 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.

41. 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 six months ended 30 June 2025 and 2024 and balances as at 30 June 2025 and 31 December 2024 respectively.

The transactions with related parties are carried out on pricing and settlement terms agreed with counter parties in the ordinary course of business.

(a) Significant related party transactions and period end balances arising with the Sinopec Group, fellow subsidiaries, associates, joint ventures of fellow subsidiaries and associates of fellow subsidiaries:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
		(Restated)
Construction and services provided to		
– Ultimate holding company	–	–
– Joint ventures of fellow subsidiaries	715,577	573,772
– Associates of fellow subsidiaries	2,169,798	729,488
– Fellow subsidiaries	7,660,795	11,380,119
	10,546,170	12,683,379
Construction and services received from		
– Ultimate holding company	6,054	8,860
– Joint ventures of fellow subsidiaries	208	1,920
– Associates of fellow subsidiaries	198	163
– Fellow subsidiaries	876,726	1,476,502
– Associates	–	548
	883,186	1,487,993
Technology research and development provided to		
– Ultimate holding company	–	–
– Joint ventures of fellow subsidiaries	167,727	72,945
– Fellow subsidiaries	–	1,651
	167,727	74,596

41. Significant Related Party Transactions and Balances (Continued)

(a) Significant related party transactions and period end balances arising with the Sinopec Group, fellow subsidiaries, associates, joint ventures of fellow subsidiaries and associates of fellow subsidiaries: (Continued)

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
		(Restated)
General services provided to		
– Fellow subsidiaries	1,998	1,326
– Joint ventures of fellow subsidiaries	125	–
	2,123	1,326
General services received from		
– Fellow subsidiaries	27,220	24,929
Interest income on loans		
– Ultimate holding company	247,574	281,683
Interest expense on borrowings		
– Fellow subsidiaries	3,470	2,616
Expenses in relation to settlement and other financial services		
– Fellow subsidiaries	1,333	1,088
Deposit interest income from fellow subsidiaries	41,994	60,255

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
Deposits and time deposits placed in fellow subsidiaries	7,637,376	7,479,079

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 24, trade receivables, prepayments and other receivables are unsecured, interest free and repayable on demand.

41. 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:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Fee	317	400
Basic salaries, other allowances and benefits-in-kind	2,859	2,625
Discretionary bonus (i)	9,929	7,832
Contributions to pension plans	970	932
	14,075	11,789

(i) The Group determines and pays discretionary bonus based on the actual financial results and performance of employee.

42. 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	Dividend payable	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	80,702	21,461	152,728	–	254,891
Cash-flow:					
– Drawdown	31,554	15,612	–	–	47,166
– Capital element of lease rentals paid	–	–	(20,204)	–	(20,204)
– Interest element of lease rentals paid	–	–	(4,345)	–	(4,345)
– Interest paid	(2,066)	(550)	–	–	(2,616)
– Repayment	(12,000)	(8,700)	–	–	(20,700)
Non-cash:					
– Entered into new lease	–	–	45,738	–	45,738
– Interest expenses	2,066	550	4,345	–	6,961
– Modification	–	–	(4,428)	–	(4,428)
– Dividend declared	–	–	–	954,406	954,406
– Exchange difference	555	–	73	–	628
At 30 June 2024	100,811	28,373	173,907	954,406	1,257,497

42. Reconciliations of Liabilities Arising from Financing Activities (Continued)

The changes in the Group's liabilities arising from financing activities can be classified as follows: (Continued)

	Loans due to a fellow subsidiary – current	Loans due to a fellow subsidiary – non-current	Lease liabilities	Dividend payable	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	109,264	40,813	422,256	–	572,333
Cash-flow:					
– Drawdown	–	25,241	–	–	25,241
– Capital element of lease rentals paid	–	–	(89,692)	–	(89,692)
– Interest element of lease rentals paid	–	–	(9,645)	–	(9,645)
– Interest paid	(2,533)	(937)	–	–	(3,470)
– Repayment	–	(16,400)	–	–	(16,400)
Non-cash:					
– Entered into new lease	–	–	69,937	–	69,937
– Interest expenses	2,533	937	9,645	–	13,115
– Modification	–	–	(9,551)	–	(9,551)
– Dividend declared	–	–	–	885,803	885,803
– Exchange difference	(453)	–	(403)	–	(856)
At 30 June 2025	108,811	49,654	392,547	885,803	1,436,815

43. Particulars of Principal Subsidiaries

As at 30 June 2025, 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, engineering and consulting/The PRC
SNEI (中石化南京工程有限公司)	The PRC/Limited liability company	556,005	100%	–	Engineering contracting, engineering and consulting/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-Saving Technology Service 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

43. Particulars of Principal Subsidiaries (Continued)

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			
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

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.

44. Business Combinations under Common Control

On 30 June, 2024, China Petrochemical Technology Co., Ltd., an indirect wholly-owned subsidiary of the Sinopec Group, entered into a KSD Equity Transfer Agreement, to transfer its 14.65% equity interest in Shanghai KSD Bulk Solids Engineering Co., Ltd. ("KSD") to the Group for a consideration of approximately RMB22.1 million. The Company in turn held 51% effective interest of KSD, a company incorporated in the PRC which provides powder engineering services in the PRC. The transfer of KSD was completed during the year ended 31 December 2024.

The acquisition of KSD (the "Acquired Business") has been considered as acquired businesses as each acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create output. Since the Acquired Business and the Group are under common control of Sinopec Group, the acquisition of the Acquired Business has been accounted for as business combination under common control applying the principles of the merger accounting. Under merger accounting, the results of the Acquired Business have been combined from the date when they first came under the control of Sinopec Group. The assets and liabilities of the Acquired Business have been reflected at their existing carrying values at the date of combination. No amount has been recognised in respect of goodwill or excess of the 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, which, instead, has been recorded in merger reserve in equity. Accordingly, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2024 have been restated to include the assets and liabilities and the operating results of the Acquired Business.

44. Business Combinations under Common Control (Continued)

The financial effect of restatements on the consolidated statement of profit or loss and other comprehensive income, and consolidated statement of changes in equity for the six months ended 30 June 2024 by line items is disclosed below.

	The Group excluding KSD	Shanghai KSD Bulk Solids Engineering Co., Ltd.	Adjustments	The Group including KSD
	RMB'000	RMB'000	RMB'000	RMB'000
Period ended 30 June 2024				
Revenue	28,553,121	100,907	–	28,654,028
Profit before taxation	1,513,067	9,734	(3,346)	1,519,455
Income tax expense	(194,195)	(980)	–	(195,175)
Profit for the period	1,318,872	8,754	(3,346)	1,324,280
As at 1 January 2024				
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

45. Comparative Figures

Certain comparative figures have been reclassified to conform the current period'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