



中国石化
SINOPEC

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

Stock Code: 2386

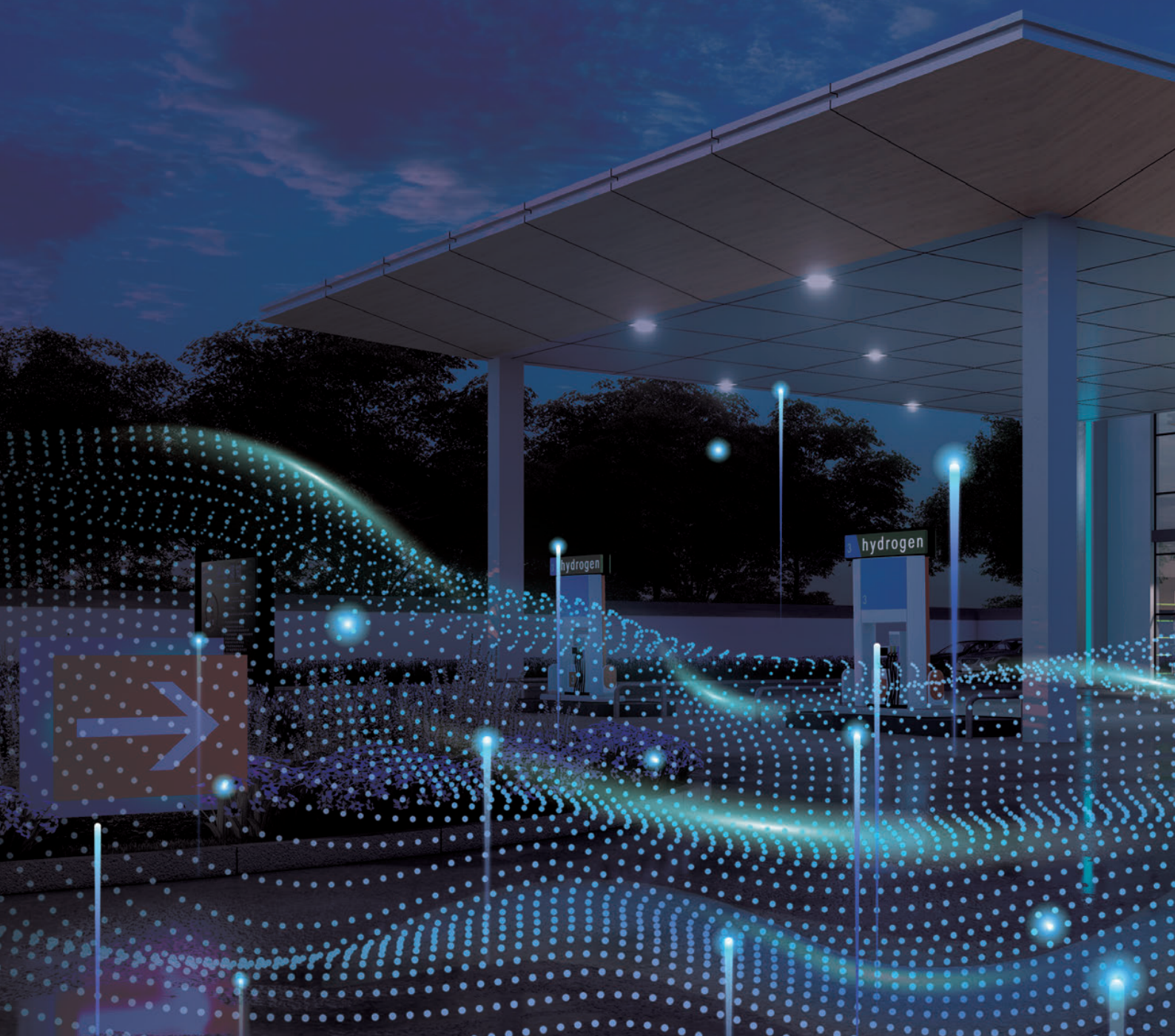
2025
ANNUAL REPORT

BUILDING A WORLD-LEADING
TECHNOLOGY-DRIVEN
ENGINEERING COMPANY



IMPORTANT NOTICE

The board of directors (the “**Board**”) and the directors (the “**Directors**”) of SINOPEC ENGINEERING (GROUP) CO., LTD. (“**SINOPEC SEG**” or the “**Company**”) warrant that there are no false representations, misleading statements or material omissions contained in this annual report and are hereby jointly and severally liable for the authenticity, accuracy and completeness of the content hereof. All the Directors of SINOPEC SEG attended the eleventh meeting of the Fifth Session of the Board. Mr. JIANG Dejun (Chairman of the Board of SINOPEC SEG), 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 annual report.



The financial report for the year ended 31 December 2025 (the “**Reporting Period**”) of SINOPEC SEG and its subsidiaries (together, the “**Group**”), prepared in accordance with the International Financial Reporting Standards, were audited by BDO Limited, which has issued a standard unqualified audit report.

This annual report contains forward-looking statements. All statements (other than statements of historical facts) that address business activities, events or developments that the Company expects or anticipates will or may occur in the future (including but not limited to projections, goals, estimates and business plans) are forward-looking statements. The future actual results or development trends may differ materially from the forward-looking statements due to various factors. The forward-looking statements contained in this annual report were made by the Company on 13 March 2026 and, unless otherwise required by the relevant regulatory authorities, the Company undertakes no obligation or responsibility to update these forward-looking statements.





CONTENT

IMPORTANT NOTICE	i
COMPANY PROFILE	4
BASIC INFORMATION OF THE COMPANY	6
CHAIRMAN'S STATEMENT	8
PRINCIPAL FINANCIAL DATA AND INDICATORS	12
CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS	16
BUSINESS REVIEW AND PROSPECTS	20
MANAGEMENT'S DISCUSSION AND ANALYSIS	30
SIGNIFICANT EVENTS	46
CORPORATE GOVERNANCE	56
REPORT OF THE BOARD	70
DIRECTORS AND OTHER MEMBERS OF SENIOR MANAGEMENT AND EMPLOYEES	86
FINANCIAL STATEMENTS	100

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

COMPANY PROFILE

The Group is a comprehensive service provider covering the entire energy and chemical industry value chain and full project lifecycles. With over 70 years of history, it operates across multiple industrial sectors, including petroleum refining, petrochemical, aromatics, new coal chemical, inorganic chemical, pharmaceutical chemical, clean energy, storage and transportation facility, as well as environmental protection and energy conservation. The Group is committed to providing global clients with full industry chain services, including engineering R&D, technical consulting, technology licensing, engineering consulting, engineering design, project management, financing and EPC (engineering, procurement and construction) contracting. Its services also cover material procurement, equipment manufacturing, construction and installation, large-scale equipment lifting and transportation, pre-commissioning and commission services as well as operation and maintenance. The Group has delivered, on schedule, hundreds of modern chemical plants featuring large investment scales, complex processes, advanced technologies and high-quality standards for clients in more than 30 countries and regions. Over the years, it has built extensive and stable client relationships and earned significant industrial influence and social recognition.





BASIC INFORMATION OF THE COMPANY

LEGAL NAME

中石化炼化工程(集團)股份有限公司

CHINESE ABBREVIATION

中石化炼化工程

ENGLISH NAME

SINOPEC ENGINEERING (GROUP) CO., LTD.

ENGLISH ABBREVIATION

SINOPEC SEG

LEGAL REPRESENTATIVE

Mr. JIANG Dejun

AUTHORISED REPRESENTATIVES

Mr. ZHANG Xinming

Mr. YIN Fengbing

COMPANY SECRETARY

Mr. YIN Fengbing

Ms. Ng Sau Mei

REGISTERED ADDRESS

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

BUSINESS AND CORRESPONDENCE ADDRESS

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

Postcode: 100032

Tel: +8610-5673-0525

Website: www.segroup.cn

E-mail: seg.ir@sinopec.com

WEBSITES ON WHICH THIS ANNUAL REPORT IS PUBLISHED

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

<https://www.hkexnews.hk>

The Company's website:

<http://www.segroup.cn>



PLACE WHERE THIS ANNUAL REPORT IS AVAILABLE FOR INSPECTION

Office of the Board

SINOPEC ENGINEERING (GROUP) CO., LTD.

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

PLACE OF LISTING OF SHARES, STOCK NAME AND STOCK CODE

H Shares: Hong Kong Stock Exchange

Stock name: SINOPEC SEG

Stock code: 2386

UNIFORM SOCIAL CREDIT CODE

911100007109349087

NAMES AND BUSINESS ADDRESSES OF AUDITORS

PRC:

BDO China Shu Lun Pan Certified Public Accountants LLP

Room 1410, 14th Floor, Fanli Mansion, No. 22

Chaoyangmenwai Street, Chaoyang District, Beijing, the PRC

Overseas:

BDO Limited

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

NAME AND BUSINESS ADDRESS OF LEGAL ADVISORS

PRC:

Haiwen & Partners

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

Hong Kong, the PRC:

Zhong Lun Law Firm LLP

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



CHAIRMAN'S STATEMENT





CHAIRMAN'S STATEMENT



Mr. JIANG Dejun
Chairman of the Board

Dear shareholders and friends,

On behalf of the Company, I would like to express our sincere gratitude to everyone for your long-term support and trust.

2025 marks the concluding year of the 14th Five-Year Plan. Anchored by the vision of “Building a world-leading technology-driven engineering company,” the Group has steadfastly pursued its development strategy of “technological innovation + engineering services.” By continuously enhancing our value creation capabilities in “engineering services, technological innovation, and capital operations,” we have achieved remarkable progress – over the past five years, the Group gained cumulative new orders worth RMB411.787 billion, generated revenue of RMB301.413 billion, achieved net profits of RMB11.034 billion, operating cash flow of RMB18.265 billion, and distributed dividends totaling RMB7.463 billion. While realizing sustainable and healthy development, we have generated substantial value for the industry, society, shareholders, and employees.

2025 was a pivotal year for maintaining strategic resolve and achieving high-quality development amid a complex and volatile external environment. Facing the challenges of profound shifts in the global energy landscape and intensifying industry competition, the Group consistently prioritized high-quality development as the overarching principle. We have advanced international operations with greater openness, driven technological innovation with unwavering determination, and rewarded shareholder trust with pragmatic measures-delivering a solid annual performance.

In 2025, the Company achieved operating revenue of RMB70.074 billion and net profit of RMB1.807 billion. The Board consistently adheres to the core principle of “investor-centricity,” sharing the fruits of high-quality development with all shareholders through a generous dividend policy. A final dividend for 2025 of RMB0.104 per share is proposed, representing a base dividend payout ratio of 65% for the full year. To further demonstrate unwavering confidence in long-term development and safeguard shareholder returns, the Company initiated our first special dividend distribution, proposing an additional special dividend of RMB0.094 per share, resulting in a total distribution of RMB0.198 per share with the final dividend on a combined basis. Including the interim dividend already paid, the total dividend per share for the whole year amounts to RMB0.358, representing an effective payout ratio of 88%, maintaining the same dividend per share as last year. Such arrangement further underscores the Group’s confidence and determination to create stable and predictable long-term value.

Corporate governance continues improving, and the quality of the Company steadily increases.

The governance system is standardized and efficient. The convert of China National Petroleum Corporation (“CNPC”)’s domestic shares to the H shares on the public market was successfully completed, further optimizing our equity structure and governance framework. A comprehensive amendment to the Articles of Association was smoothly completed, with the Audit Committee of the Board fully assuming the functions of the Supervisory Committee. **Industrial layout has been expanded.** Sinopec (Guangdong) Environmental Technology Co., Ltd. was established as a specialized environmental governance platform, contributing to the protection of clear waters, blue skies, and clean soil. The acquisition of equity in East China Pipeline Design and Research Institute was completed, further enhancing comprehensive design capabilities in pipeline storage and transportation. **ESG performance remains leading.** Deepened Sinopec’s social responsibility brand building by continuing the “Immersive Public Safety Experience and Emergency Science Outreach Program,” demonstrating state-owned enterprise’s responsibility. Maintained the industry’s highest AA-level ESG rating from Wind Information and received the “China Listed Companies ESG Annual Best Practice Award” for two consecutive years.

Operational quality and efficiency were steadily improved, while development resilience continues being strengthened.

Market scale maintained steady growth. New orders signed throughout the year reached RMB101.248 billion, remaining above the RMB100 billion mark for the second consecutive year, which demonstrates a positive trend of “steadily increasing total volume, continuously optimized structure, and accelerated expansion into front-end business segments.” International operations improved in both quality and speed, establishing a diversified and balanced layout where Sinopec markets, non-Sinopec markets and international markets each account for one-third of the portfolio, significantly enhancing risk resilience. **Breakthroughs were achieved in high-end business segments.** The high-level front-end engineering advantage was further consolidated, with the successful signing of landmark overseas front-end projects such as the FEED+ convertible EPC contract for the Saudi ACWA large-scale green hydrogen project. All five engineering subsidiaries achieved their first overseas front-end business contracts within the year, comprehensively enhancing source competitiveness. **Comprehensive strengths have become more apparent.** The unique competitive advantage of “Global Rules + Chinese Efficiency” has been fully demonstrated, with our integrated engineering service capabilities earning high recognition from global clients. Currently, front-end and EPC contracts account for over 80% of our order backlog, and the order structure continues to optimize, effectively stimulating the continuous optimization of the revenue structure, demonstrating strong operational resilience in intense market competition and achieving both qualitative enhancement and reasonable quantitative growth.

Technological innovation capabilities remain at the forefront, driving significant progress in new industrialization.

Steady progress in technology-driven value creation. Throughout the year, technology development and licensing contracts totaling RMB1.013 billion were signed, demonstrating a steady enhancement in the direct efficiency-generating capacity of technology. **The innovation ecosystem has expanded comprehensively.** Adhering to the principles of “open cooperation and integrated innovation”, we deepened industry-academia-research integration with top research institutes and universities, and collaborated with overseas clients and partners to promote the global deployment of our leading technologies. We successfully hosted the 12th World Congress of Chemical Engineering SubForum 12 on “Process Industry Innovation and Process System Engineering Reinvention”, gathering nearly 200 global experts, scholars, corporate representatives, and industry elites in the chemical engineering field for exchange of insights. **Accelerating implementation of digital and intelligent transformation.** The “Guidelines for Comprehensively Advancing the Company’s Leadership in the New Industrialization of the Engineering Construction Industry” were released, yielding replicable and scalable outcomes in intelligent design, machine-based manufacturing, and digital delivery, etc. The engineering construction model is accelerating its transformation and upgrading toward “standardized lean design + factory-based intelligent manufacturing + modular installation.” **AI applications moved into practical implementation:** On the design side, knowledge graphs and generative design significantly boosted efficiency; on the management side, the intelligent supply chain management system for the entire lifecycle advanced in tandem with smart construction site development; on the construction side, intelligent equipment like trackless crawler welders and multi-axis welding robots saw widespread adoption.

The Company has now completed the drafting of the “15th Five-Year Development Plan Outline,” which has been reviewed and approved by the Board. Seven major development strategies have been defined: value-oriented, innovation-driven, cost-leadership, digital & smart empowerment, green & clean, globally development, and integration symbiosis. Research has been completed on eight key initiatives: development indicator system, domestic market expansion, international operations, construction business transformation, technological innovation, green low-carbon and energy conservation, digital-physical integration, and smart manufacturing. By 2030, the Company is expected to embody the fundamental characteristics of a world-class technology-driven engineering enterprise, evolving into an engineering group distinguished by robust technological capabilities, exceptional management expertise, integrated synergistic development, effective risk prevention and control, and will significantly enhance our overall value. The Company endeavors to achieve its long-term goal of main business revenue exceeding RMB100 billion by 2035, with overseas business revenue consistently accounting for over one-third of total revenue, significantly enhancing the international competitiveness of core technologies, and maintaining a leading brand influence among international engineering companies.

In 2026, the Group will implement the Board’s strategic decisions by focusing on advancing initiatives such as: strengthening strategic guidance and integrated coordination; continuously promoting innovation-driven development, lean management, digital & smart empowerment, and green low-carbon practices; providing high-level support for the transformation and upgrading of the energy and chemical industries; setting high standards for leading the new industrialization of the engineering construction sector; advancing the internationalization of engineering construction enterprise operations with high quality and efficiency; and achieving diversified value creation for the listed company with high efficiency. These efforts will enable the Group to take more solid strides toward “Building a world-leading technology-driven engineering company.”

The blueprint has been drawn; only hard works counts. Along journey lies ahead; only those who strive will lead. I firmly believe that with the tireless efforts of our Board, management, and all employees, and with the trust and support of our shareholders and society at large, we will forge ahead with courage and perseverance. We will continuously pioneer new frontiers of high-quality development, accelerate our journey toward becoming a world-class enterprise, and repay our shareholders, contribute to society, and benefit our employees through outstanding development achievements and exceptional operational performance!

JIANG Dejun
Chairman of the Board
Beijing, the PRC
13 March 2026

PRINCIPAL FINANCIAL DATA AND INDICATORS





PRINCIPAL FINANCIAL DATA AND INDICATORS

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

Unit: RMB'000

Items	As at 31 December 2025	As at 31 December 2024	As at 31 December 2023	As at 31 December 2022	As at 31 December 2021	Changes from the end of 2024 (%)
Current assets	83,408,216	73,465,738	72,722,013	70,558,130	64,937,676	13.5
Non-current assets	7,809,636	8,047,601	8,367,719	8,279,486	7,980,573	(3.0)
Current liabilities	57,456,824	47,854,044	48,021,496	46,568,057	41,370,338	20.1
Non-current liabilities	1,946,587	2,077,810	2,151,213	2,170,138	2,430,602	(6.3)
Consolidated equity attributable to equity holders of the Company	31,741,999	31,512,063	30,858,361	30,046,432	29,112,086	0.7
Net assets per share of equity holders of the Company (RMB)	7.22	7.17	6.98	6.79	6.58	0.7

Unit: RMB'000

Items	Year ended 31 December					Changes over the same period of 2024 (%)
	2025	2024	2023	2022	2021	
Revenue	70,074,081	64,198,210	56,353,293	53,028,139	57,759,590	9.2
Gross profit	5,177,326	5,336,500	5,640,699	5,612,325	6,468,189	(3.0)
Operating profit	1,279,115	1,715,213	1,742,527	1,810,813	1,701,898	(25.4)
Profit before taxation	2,242,167	2,851,913	2,774,987	2,762,276	2,592,407	(21.4)
Profit attributable to equity holders of the Company	1,797,681	2,465,727	2,336,743	2,285,103	2,123,590	(27.1)
Basic earnings per share (RMB)	0.41	0.56	0.53	0.52	0.48	(27.1)
Net cash flow generated from/(used in) operating activities	8,186,346	(2,210,914)	2,536,857	6,809,048	2,943,228	—
Net cash flow generated from/(used in) operating activities per share (RMB)	1.86	(0.50)	0.57	1.54	0.66	—

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

Items	Year ended 31 December				
	2025	2024	2023	2022	2021
Gross profit margin (%)	7.4	8.3	10.0	10.6	11.2
Net profit margin (%)	2.6	3.9	4.2	4.3	3.7
Return on assets (%) ⁽¹⁾	2.1	3.0	2.9	3.0	2.9
Return on equity (%) ⁽²⁾	5.7	7.8	7.6	7.6	7.3
Return on invested capital (%) ⁽³⁾	5.8	7.9	7.7	7.8	7.5

Items	As at 31 December 2025	As at 31 December 2024	As at 31 December 2023	As at 31 December 2022	As at 31 December 2021
Asset-liability ratio (%) ⁽⁴⁾	65.1	61.3	61.9	61.8	60.1

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

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

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

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

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS



HEAL

RETA

TECH

FINAN

ELECT

UTILITY

CONSO

50%

COMM

COMM

TRANS

CONO

23

ENER



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 during the Reporting Period (+, -)			As at 31 December 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	–	-3,857,000	-3,857,000	1,426,824,000	32.47
Total number of shares	4,397,881,000	100.00	–	-3,857,000	-3,857,000	4,394,024,000	100.00

2 Shareholdings of Substantial Shareholders

As at the end of the Reporting Period, there were a total of 816 shareholders of the Company. As at 13 March 2026, the public float of the Company satisfied the minimum requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) according to the information publicly available to the Company and to the knowledge of the Directors.

(1) Shareholdings of the top ten shareholders

Unit: Share

Name of Shareholders	Increase/Decrease during the Reporting Period (+, -)	Number of Domestic Shares held as at the end of the Reporting Period	Number of H Shares held as at the end of the Reporting Period	Percentage as at the end of the Reporting Period	
				In total share capital (%)	In relevant class of shares (%)
China Petrochemical Corporation ⁽¹⁾	0	2,747,220,000	–	62.52	92.59
HKSCC NOMINEES LIMITED	-3,055,100	–	1,423,121,680	32.39	99.74
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
PANG KWOK WAI	+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 connection or acting in concert among or between the aforementioned top ten shareholders			

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

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

Name of Shareholders	Class of share	Capacity	Number of shares with interests held or regarded as being held (Share)	Percentage in shares of the Company of the same class (%) ⁽⁶⁾	Percentage in the total share capital of the Company (%) ⁽⁷⁾
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	114,101,269(L)	8.00 (L)	2.60 (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 (the “Sinopec Group”) directly and/or indirectly holds 2,747,220,000 domestic shares of the Company, representing 92.59% of the domestic shares and approximately 62.52% 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 (the “CNPC”) directly holds 219,980,000 domestic shares of the Company, 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 30 December 2025, such portion is included in the total number of shares held by HKSCC NOMINEES LIMITED.
- (4) The information is based on the Corporate Substantial Shareholders Notice filed by Fidelity Investment Trust with the Hong Kong Stock Exchange on 23 November 2023, such portion is 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 and 1,426,824,000 H shares as at the end of the Reporting Period.
- (6) It is calculated on the basis that the Company has issued 4,394,024,000 shares in total as at the end of the Reporting Period.

3 Subsequent Events on Changes in Share Capital**Completed full circulation of H Shares**

The 219,980,000 unlisted domestic shares held by CNPC were converted into H Shares on 12 February 2026 and were listed on the Hong Kong Stock Exchange on 13 February 2026. For details, please refer to the announcements made by the Company on 16 March 2025, 27 January 2026 and 12 February 2026, respectively.

BUSINESS REVIEW AND PROSPECTS





BUSINESS REVIEW AND PROSPECTS



Mr. ZHANG Xinming
Executive Director and President

1 Business Review

(1) Operating Environment

In 2025, China's energy and chemical industry advanced the coordinated transformation, upgrading and structural adjustment, with its industrial chain moving steadily toward higher-end and more refined development. The accelerated implementation of "oil-to-chemicals" and "oil-to-specialties" projects, coupled with the sustained release of demand for high-end chemical materials, effectively consolidated the foundation of the Group's domestic business. Meanwhile, the pace of green and low-carbon innovation, hydrogen-based energy applications and the upgrade of old facilities has further accelerated, and the in-depth digital transformation of the industry has created more opportunities for the Group's diversified business expansion.

Globally, structural opportunities remain prominent. Relying on its resource and capital advantages, the Middle East Gulf region has maintained the expansion of oil, gas and downstream refining and chemical capacity, solidifying its position as a core global market. Central Asia boasts strong complementarity with China in energy security, production capacity collaboration and engineering technology, leading to a notable rise in investment in petrochemical and natural gas chemical sectors. Benefiting from steady economic growth, Southeast Asia has seen continuous expansion in demand for refined oil products, natural gas and basic chemicals. The accelerated industrialization in Africa and Latin America has brought incremental demand for energy and chemical products.

(2) Operation Overview

During the Reporting Period, the Group's total revenue was RMB70.074 billion; profit for the year amounted to RMB1.807 billion, among which profits attributable to shareholders of the Company were RMB1.798 billion.

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

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

	Year ended 31 December				Change
	2025		2024		
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	
	(RMB' 000)	(%)	(RMB' 000)	(%)	
Engineering, consulting and licensing	3,949,845	5.2	4,160,134	5.9	(5.1)
EPC Contracting	46,208,364	61.2	37,998,934	54.1	21.6
Construction	24,576,700	32.6	27,275,502	38.9	(9.9)
Equipment manufacturing	733,632	1.0	745,897	1.1	(1.6)
Subtotal	75,468,541	100.0	70,180,467	100.0	7.5
Total (after inter-segment elimination) ⁽¹⁾	70,074,081	N/A	64,198,210	N/A	9.2

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, construction and equipment manufacturing segments.

During the Reporting Period, the value of new contracts of the Group amounted to RMB101.248 billion, representing a year-on-year increase of 0.6%. As at the end of the Reporting Period, the backlog of the Group amounted to RMB203.850 billion, representing 2.9 times of the total revenue of RMB70.074 billion in 2025.

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

	For the twelve-month period ended 31 December 2025	For the twelve-month period ended 31 December 2024	Change
	(RMB' 000)	(RMB' 000)	(%)
New contract	101,247,850	100,612,561	0.6

	As at 31 December 2025	As at 31 December 2024	Change
	(RMB' 000)	(RMB' 000)	(%)
Backlog	203,850,350	172,676,580	18.1

During the Reporting Period, the Group's capital expenditure was RMB961 million, representing a year-on-year decrease of 5.8%. 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 31 December 2025	As at 31 December 2024	Change
	(RMB' 000)	(RMB' 000)	(%)
Capital expenditure	961,414	1,020,960	(5.8)

(3) Business Highlights

QHSE performance remained sound.

During the Reporting Period, the Group was executing 1,888 projects, with an average daily personnel of about 120,000 on site. As at the end of the Reporting Period, the accumulated safety manhours reached 359 million, and no major safety, quality or environmental incidents occurred.

During the Reporting Period, the Group fully carried out the demonstration construction of safety standardized work teams, continued to promote the certification of team leaders and three types of key personnel from subcontractors, and achieved full coverage of training for strategic subcontractors. Focusing on key links such as design, verification and engineering changes, the Group launched special quality improvement initiatives to effectively reduce HSE risks at the source. It actively promoted the construction of smart construction sites and promoted the application of advanced technologies and equipment including intelligent violation identification systems and electronic fences. The Operation Supervision Platform of "Divisional Work & Sub-divisional Work with Higher Risk" was launched to implement three-level control and full-process information-based dynamic supervision. A problem database was established to strengthen closed-loop risk management. The Group deepened its "comprehensive health" management, carried out the "Health Management Year" campaign, and established an employee health consultation and service platform. Centering on the four goals of carbon reduction, pollution abatement, efficiency improvement and green enhancement, the Group launched the second phase of the Green Enterprise Initiative, implemented energy conservation and emission reduction measures from the design stage, fully adopted green construction, and continuously enhanced its sustainable development capacity.

Market development achieved robust growth on both volume and quality

During the Reporting Period, the value of new contracts signed by the Group was RMB101.248 billion. Among which, the value of newly signed domestic contracts was approximately RMB63.248 billion, and the value of newly signed overseas contracts was approximately USD5.429 billion.

In the domestic market, the Group deeply engaged with strategic clients, strengthened integrated promotion efforts, and continuously expands market share through comprehensive solutions. While enhancing our core advantages in traditional businesses, we continuously expand business into new technologies, new materials, new energy and other emerging sectors. During the Reporting Period, the representative newly signed domestic contracts included the EPC contract for the Sinopec Maoming Ethylene Project with a total contract value of approximately RMB11.821 billion; the EPC contract for Sinopec Luoyang Million-ton Ethylene Project (the “**Luoyang Ethylene Project**”) with a total contract value of approximately RMB6.553 billion; the EPC contract for the demonstration project of coal-grading clean and efficient transformation of 15 Million-ton per year by Shaanmei Yulin Chemical (the “**Shaan Coal Yulin Coal Chemical Project**”) with a total contract value of approximately RMB2.772 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 RMB2.367 billion.

During the Reporting Period, the Group signed 348 new contracts in the emerging business sector with a new contract value of approximately RMB11.0 billion. Among which, 40 contracts were from the clean energy and new energy fields, with a new contract value of approximately RMB1.8 billion; 308 contracts were from new materials, new technologies, energy conservation, environmental protection and other emerging fields, with a new contract value of approximately RMB9.2 billion.

In the overseas market, the Group accelerated the development of a more diversified, balanced and resilient global market network, and strengthened strategic cooperation with international peers and enhanced high-level mutual visits, promotions and communications with strategic clients. During the Reporting Period, the representative newly signed overseas contracts included the EPC contract for the Algerian Hassi Refinery Project (the “**Hassi Refinery Project**”) with a contract value of approximately USD2.058 billion; 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; the EPC contract of Haradh GOSP-3 oil and gas separation and stimulation project of Saudi Aramco (the “**Saudi Haradh Project**”) with a contract value of approximately USD707 million; and the EPCC contract of the Arzew Refinery Reformation Project in Oran, Algeria (the “**Arzew Refinery Project**”) with a contract value of approximately USD433 million.

In regards to our front end business, the Group entered into contracts, including a FEED + convertible EPC contract for the ACWA Green Hydrogen Green Ammonia Project in Yasref, Saudi Arabia; a FEED + convertible EPC contract for the UAE NGL Project; the NKNK Ethylbenzene Styrene technology transfer and process package design; the Kazakhstan sulfuric acid foundation design; the feasibility study of Vietnam biomass gasification to jet fuel project; the engineering design for the Sinopec Hunan Petrochemical Yueyang 1 Million-ton per year ethylene refining and chemical integration project (the “**Yueyang Ethylene Project**”); the engineering design for the Sinopec Qilu Petrochemical local oil refinery transformation and upgrading technology conversion project (the “**Qilu Upgrade Project**”); and the engineering design for Shenhua Yulin Circular Economy Coal Comprehensive Utilization Project (the “**Shenhua Yulin Coal Chemical Project**”), and shall continue to move towards the front end of the industrial chain and the high end of the value chain.

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 has been mechanically completed and entered the final stage.

SINOPEC SABIC Petrochemical Fujian Gulei Ethylene and Downstream Deep Processing Consortium Project (the “**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 final stage of construction and installation with an overall progress of over 90%.

Maoming Ethylene Project (EPC): please refer to the 2025 interim report dated 17 August 2025 and the announcement dated 15 April 2025 published by the Company for details of this project. As at the end of the Reporting Period, the engineering design had entered the final stage and the construction had entered the installation stage, with the overall progress of nearly 50%.

Luoyang Ethylene Project (EPC): please refer to the announcement dated 17 October 2025 and the 2025 interim report dated 17 August 2025 published by the Company for details of this project. As at the end of the Reporting Period, the ethylene unit of the project is in the stage of basic design, and the auxiliary refining unit is in the stage of construction and installation, with an overall progress of nearly 30%.

Lianhong Gerun (Shandong) Integrated Project of New Energy Materials and Biodegradable Materials (the “**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 has been completed and delivered, and has entered feeding and commissioning.

China Coal Yulin Coal Deep Processing Base Project (the “**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 engineering design had entered the final stage and the construction had entered the installation stage, with the overall progress of nearly 50%.

Shenhua Baotou MTO (EPC): please refer to the 2025 interim report dated 17 August 2025 published by the Company for details of this project. As at the end of the Reporting Period, the project is in the stage of detailed design and civil works commenced, with an overall progress of over 30%.

Packages P1 and P2 of Riyas NGL Project of Saudi Aramco (the “**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 work of the project has entered the final stage, and the construction work was in the peak stage of installation, with an overall progress of over 60%.

Tank Farm and Integration Project with SATORP Refinery under Saudi AMIRAL Project (the “**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 of the project entered the final stage, the construction has entered the peak of installation, with the overall progress of over 60%.

Jafurah Gas Expansion Project Phase III of Saudi Aramco (the “**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 in design and procurement peak. The construction work has started with an overall progress of over 40%.

Crude Oil Pumping Station Upgrading and Improvement Project of Saudi Aramco (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, 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 40%. (2) please refer to the 2025 interim report published by the Company on 17 August 2025 for details of the polyolefin and utilities (PE & UIO) project (EPC). As at the end of the Reporting Period, the project has commenced the design and procurement stage, with an overall progress of over 10%.

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 of design and procurement, and construction entered preparation stage, with an overall progress of over 20%.

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 in the peak of construction with an overall progress of over 80%.

Saudi Haradh Project (EPC): please refer to the announcement dated 17 October 2025 published by the Company for details of this project. As at the end of the Reporting Period, the design and procurement of the project has commenced, with an overall progress of over 10%.

UAE NGL Project (FEED): please refer to the 2025 interim report dated 17 August 2025 published by the Company for details of this project. As at the end of the Reporting Period, the overall design work of the project is completed, and has entered into the EPC contract tender evaluation process.

Yasref Green Hydrogen Project of Saudi Arabia (FEED): please refer to the 2025 interim report dated 17 August 2025 and the announcement dated 1 August 2025 published by the Company for details of this project. As at the end of the Reporting Period, with an overall design work progress of the project of over 30%.

Note: “FEED” refers to front end engineering design contracting; “EPC” refers to engineering, procurement and construction contracting; “BEPC” refers to basic design + EPC; “EPCC” refers to EPC and commissioning contracting; and “C” refers to construction contracting.

Continuous progress in technology innovation

During the Reporting Period, the Group continuously strengthened the openness and cooperation. The Group has entered into 3 strategic cooperation agreements with China General Nuclear Power Corporation, Sinopec Qingdao Research Institute of Safety Engineering Co., Ltd., and Guangdong University of Technology, and organized technical discussions with 20 scientific academies including relevant institutes of the Chinese Academy of Sciences, Tsinghua University, Beijing University of Chemical Technology, and other universities. The cooperation was further deepened in areas such as carbonyl synthesis, PEEK, new types of electrolyzer, green chemistry, energy conservation and carbon emission reduction, and CCUS. We also explored technology development and collaboration with companies such as NEXANT, SABIC, ADNOC, SOCAR and TR, so as to advance the global reach of our advantageous technologies. We successfully hosted the 12th World Congress of Chemical Engineering and the 21st Asia Pacific Confederation of Chemical Engineering Congress SubForum 12 on “Process Industry Innovation and Process System Engineering Reinvention”. The meeting focused on topics such as intelligent manufacturing, digital enablement, and green and low carbon development, attracting nearly 200 global experts, scholars, corporate representatives, and industry leaders for joint exploration of new paths for technological innovation and high quality growth in the industry.

During the Reporting Period, the Group has received a total of 37 awards for scientific and technological progress at the provincial/ministerial level and above.

During the Reporting Period, the Group’s major achievements in technological innovation included: (1) The key technology development and demonstration project of Maoming Vinyl Elastomers successfully produced qualified products. The unit has been calibrated at full load, with all indicators exceeding design specifications. (2) The first feeding and commissioning of the complete set of technology for reactor-made polypropylene alloys in Zhenhai was successfully completed. (3) The development and application of the complete set of deoiled asphalt gasification technology has achieved all designed targets. (4) The whole process of the development and demonstration project of the complete set of technology for PBST degradable material industrialization at Hainan Refinery was successfully completed, producing qualified products. (5) The succinic acid plant in Qingdao, which adopts the maleic anhydride hydrogenation process, has successfully produced qualified succinic anhydride products, and the unit is operating stably.

During the Reporting Period, the Group signed 309 new technology development contracts of various types with a total contract value of RMB532 million, and 138 new technology licensing and technology transformation contracts with a total contract value of RMB481 million.

During the Reporting Period, the Group filed 762 new patent applications, of which 583 applications; and 307 newly licensed patents, of which 174 patents. As at the end of the Reporting Period, the Group had 4,580 valid patents, 2,440 of which were invention patents.

Details of the achievements are set out in the Environmental, Social and Governance Report of the Company dated 15 March 2026.

Leading new industrialization in the engineering and construction industry

The Group systematically advanced innovation in engineering construction models. It actively promoted the application of advanced technologies and equipment, steadily improved on the traditional construction methods, and achieved a transformation from conventional models to a model of “standardized lean design, factory based manufacturing, and modular installation”. This transformation has established a new pathway to industrialization, defined by the distinctive characteristics of engineering construction.

Strengthening integration synergy across the entire industry chain. We have deepened our integrated capabilities across collaborative design, supply chain management, constructability studies, and project interface management. We have reinforced the standardization of business processes across the value chain, enhanced data interconnectivity, and advanced AI-enabled applications of tool chains. We have optimized the collaborative working mechanisms within engineering construction integration, enabling us to deliver better value-added services to customers throughout the entire project life cycle.

(1) On the design side, the Group developed a knowledge graph to enhance efficiency, explored generative design transformation, and conducted intelligent research in 13 key areas, including ethylene devices and HAZOP safety. Professional models were established for intelligent review, process safety analysis, structural design, and other applications. Significant progress was achieved in plant-wide process optimization, intelligent drawing review, and 3D model verification. (2) On the management side, the Group leveraged on digital technologies to strengthen supply chain collaboration and established an intelligent supply chain management system covering the entire project lifecycle. It coordinated the development of a unified platform of operation management, project management, and construction management, reinforced the “data + platform + application” model, and advanced the development of standardized smart construction sites. (3) On the application side, the Group promoted research into domestic industrial software, including piping, physical property libraries, and process simulation, while deepening the application of 3D design software in civil engineering and equipment.

Further enhance the digital & smart empowerment capability. We are vigorously advancing technology research and development as well as intelligent assembly, with a focus on the research and development, promotion and application of special technology in modular intelligent manufacturing, factory-style prefabrication production lines, digital simulation of lifting and transportation, and intelligent equipment. By transforming the production organization model through “machine OEM,” we have accelerated the R&D of intelligent equipment and the construction of smart production workshops.

During the Reporting Period, the Group compiled a list of 86 high-efficiency construction equipment applications and published the Application Guide for Intelligent Equipment, covering scenarios such as welding, commissioning, inspection, supply chain management, and green manufacturing. The assembly test of the Qingdao intelligent pipeline prefabrication production line was completed, and the application rate of automatic welding for process pipelines rose to 26%. Railless crawling welding machines and nine-axis/six-axis pipeline welding robots were widely deployed, achieving a first-pass success rate of 99.8%. Pilot initiatives included full-process robotic operations of anti-corrosion inside tanks, intelligent inspection robot dogs, and safety monitoring systems. New energy construction machinery, such as electric forklifts and aerial work platforms, was also promoted. The Group completed the overall design of the 14,000-ton ring-rail crane, expanded the application of AI in scheme optimization and construction scheduling, and launched the “smart lifting” platform to strengthen digital simulation capabilities for lifting and transportation.

Propelling intelligent production, operation, and maintenance. The Group expanded the scope and depth of digital factory delivery, steadily advancing high-quality digital delivery across full volume and all elements. A “digital twin” intelligent O&M platform was established, integrating dynamic operational data with mechanism models to enable remote diagnosis, predictive maintenance, and process optimization. We accelerated the development of remote technical support centers and a remote intelligent support service platform for replicable applications. At the same time, the Group advanced research on digital twins and remote intelligent O&M, while planning for a comprehensive intelligent O&M platform system. These initiatives continuously enhance intelligent O&M service capabilities across the entire equipment lifecycle, creating high value-added operational assurance for customers.

Details of the achievements are set out in the Environmental, Social and Governance Report of the Company dated 15 March 2026.

2 Business Outlook

The market development targets of the Group for 2026 are: newly signed contract amount of RMB55 billion in domestic market and USD5 billion in overseas market, with particular emphasis on the following tasks at the same time:

Step up market development efforts to lay a solid foundation for development.

We will firmly move toward the front end of the engineering service value chain, focusing on enhancing high-end services capabilities such as consulting, FEED and detailed design. **In the domestic market**, we will continue to consolidate our traditional core businesses in petrochemicals, coal chemical industry, natural gas and storage & transportation. We will actively expand into new sectors of new energy including green hydrogen, green ammonia, green alcohol, wind, solar and nuclear power; strengthen high-end new materials businesses such as electronic chemicals, high-performance engineering plastics and carbon fiber composites; advance the development of bio-jet fuel, bio-based chemicals, and sulfur, phosphorus and synthetic ammonia industrial chains; and continuously expand the scale of environmental governance, energy conservation and carbon reduction and circular economy services to create new growth points. **In overseas markets**, we will deepen our presence in competitive regions such as the Middle East, Central Asia and North Africa, continuously explore markets in more countries, and build a diversified and balanced global market footprint. Building on our traditional strengths in the petrochemical industry, we will accelerate expansion into new sectors such as new energy and low-carbon engineering to promote the continuous upgrade of our international business.

Step up project management and control to continuously improve profitability.

Projects are the core vehicle of our operation. We will enhance our project management capabilities from the source, strengthen planning at the project inception stage and improve the dynamic monitoring mechanism for full life cycle operational risks, so as to control project quality and risk at the early stage. We will enhance whole-process project control and focus on all aspects of project performance, to continuously improve performance capability and profitability. We will always adhere to the bottom line of safety and environmental protection, strive for better QHSE performance to consolidate the foundation for safe, environmentally friendly and green operations of the Company. Meanwhile, we will deepen the empowerment of digital intelligence, upgrade the application of artificial intelligence in project management, increase investment in design optimization and on-site project management, and vigorously promote the application of automatic welding, welding robots and other intelligent equipment, improving project management efficiency and capacity and reducing operating costs through digital and intelligent means.

Step up collaborative innovation to strengthen core technology advantages.

We will fully integrate internal and external resources, deepen cooperation with research institutes, universities and high-quality enterprises in the industry, and expand the supply of high-quality technologies, so that more innovation achievements can be transformed into development results faster. We will leverage our integrated strengths in R&D, design, manufacturing and construction and turn our technological advantages into profit-making advantages. We will ensure the implementation, commissioning, demonstration and iteration of major scientific and technological projects, and keep strengthening technological reserves, to provide continuous technical support for our business development. Meanwhile, we will step up the application and brand promotion of competitive technologies, lead and create markets with technological strengths, and continuously enhance the Company's core influence and voice in the industry.

Comprehensively enhance risk prevention and control capabilities to maintain the bottom line of development.

We will place greater emphasis on risk prevention and control, strengthen comprehensive risk management and further promote the integration of the internal control system with compliance and risk management systems. We will intensify project risk prevention and control, advance risk management to the project's earlier stage, strictly control project approval, prudently promote project decision-making, and implement closed-loop management of risk response. We will enforce boundary control and rigid constraints on key financial indicators, dynamically monitor the financial status of key projects, accurately identify and provide timely alert against various financial risks, and ensure that various risks related to funds, exchange rates and taxation of the Company are generally stable, safe and controllable, so as to effectively prevent and defuse various risks caused by changes in the external environment, safeguarding the Group's steady development.

MANAGEMENT'S DISCUSSION AND ANALYSIS





MANAGEMENT'S DISCUSSION AND ANALYSIS

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

1 Consolidated Results of Operations

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

	Year ended 31 December				Change
	2025		2024		
	Revenue	Percentage of total revenue	Revenue	Percentage of total revenue	
	(RMB' 000)	(%)	(RMB' 000)	(%)	
Revenue	70,074,081	100.0	64,198,210	100.0	9.2
Cost of sales	(64,896,755)	(92.6)	(58,861,710)	(91.7)	10.3
Gross profit	5,177,326	7.4	5,336,500	8.3	(3.0)
Other income – net	107,688	0.2	248,215	0.4	(56.6)
Selling and marketing expenses	(176,368)	(0.3)	(177,818)	(0.3)	(0.8)
Administrative expenses	(1,496,946)	(2.1)	(1,343,756)	(2.1)	11.4
Research and development costs	(2,413,895)	(3.4)	(2,515,106)	(3.9)	(4.0)
Other operating income	5,264	0.0	13,609	0.0	(61.3)
Other gains – net	76,046	0.1	153,569	0.2	(50.5)
Operating profit	1,279,115	1.8	1,715,213	2.7	(25.4)
Financial income	1,049,466	1.5	1,199,790	1.9	(12.5)
Finance expenses	(68,474)	(0.1)	(68,008)	(0.1)	0.7
Finance income – net	980,992	1.4	1,131,782	1.8	(13.3)
Share of (loss)/profit of joint ventures	(17,940)	(0.0)	60	0.0	–
Share of profit of associates	0.0	0.0	4,858	0.0	(100.0)
Profit before taxation	2,242,167	3.2	2,851,913	4.4	(21.4)
Income tax expense	(435,473)	(0.6)	(378,187)	(0.6)	15.1
Profit for the year	1,806,694	2.6	2,473,726	3.9	(27.0)

(1) Revenue

During the Reporting Period, the Group's total revenue amounted to RMB70.074 billion, representing a year-on-year increase of 9.2%, which was mainly due to the fact that the revenue from large-scale projects such as Aramco Huajin Project, Saudi Riyas Project and SABIC Mangguo Ethylene Project entered the settlement peak period, leading to a year-on-year increase in revenue.

(2) Cost of sales

The Group's cost of sales amounted to RMB64.897 billion, representing an increase of 10.3% as compared with the corresponding period of the previous year, mainly due to the increase in costs with the increase in revenue.

(3) Gross profit

The Group's gross profit amounted to RMB5.177 billion, representing a year-on-year decrease of 3.0%. The gross profit margin was 7.4%, representing a decrease of 0.9 percentage point as compared with the corresponding period of last year. For details, please refer to the section headed "Management Discussion and Analysis — 2 Discussion of Results by Segment — Construction Segment" in this annual report.

(4) Other income - net

Other income of the Group amounted to RMB108 million, representing a decrease of 56.6% as compared with the corresponding period of the previous year, mainly due to the decrease in exchange gains on a year-on-year basis during the Reporting Period.

(5) Selling and marketing expenses

Selling and marketing expenses of the Group amounted to RMB176 million, which was broadly stable on a year-on-year basis.

(6) Administrative expenses

Administrative expenses of the Group amounted to RMB1.497 billion, representing a year-on-year increase of 11.4%, mainly due to the increase in depreciation for right-of-use assets and property costs of newly leased office space during the Reporting Period.

(7) Research and development costs

The Group's research and development costs amounted to RMB2.414 billion, representing a decrease of 4.0% as compared with the corresponding period of last year, which was mainly affected by the research and development cycle and the progress of research and development projects.

(8) Other operating income

Revenue from other operations of the Group amounted to RMB5 million, representing a decrease of 61.3% as compared with the corresponding period of last year. It was mainly due to the decrease in reversal of the impairment for the Reporting Period as compared to the corresponding period of last year.

(9) Other gains – net

Other net gains of the Group amounted to RMB76 million, representing a year-on-year decrease of 50.5%.

(10) Operating profit

During the Reporting Period, the operating profit of the Group was RMB1.279 billion, representing a decrease of 25.4% as compared with the corresponding period of last year. For details, please refer to the section headed "Management Discussion and Analysis – 2 Segment Performance Discussion – Construction Segment" in this annual report.

(11) Finance income – net

Net finance income of the Group amounted to RMB981 million, representing a decrease of 13.3% as compared with the corresponding period of the previous year, mainly due to the decrease in RMB and USD deposit rates during the Reporting Period.

(12) Income tax expense

Income tax expense of the Group amounted to RMB435 million, representing a year-on-year increase of 15.1%. The effective income tax rate increased to 19.4% from 13.3% for the corresponding period of the previous year. The change in the effective income tax rate was mainly due to the fluctuation of profit before taxation and the different statutory tax rates in different countries.

(13) Profit for the year

The Group's profit for the year amounted to RMB1.807 billion, representing a decrease of 27.0% as compared with the corresponding period of last year.

2 Discussion on Results of Operations by Business Segment

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

	Segment revenue		Segment gross profit		Segment gross profit margin		Segment operating profit		Segment operating profit margin	
	Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December		Year ended 31 December	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	(RMB' 000)		(RMB' 000)		(%)		(RMB' 000)		(%)	
Engineering, consulting and licensing	3,949,845	4,160,134	1,197,624	1,268,740	30.3	30.5	194,998	236,970	4.9	5.7
EPC Contracting	46,208,364	37,998,934	3,733,191	2,726,396	8.1	7.2	2,059,840	1,046,971	4.5	2.8
Construction	24,576,700	27,275,502	199,745	1,301,095	0.8	4.8	(950,472)	221,829	(3.9)	0.8
Equipment manufacturing	733,632	745,897	46,766	40,269	6.4	5.4	6,979	9,880	1.0	1.3
Unallocated	N/A	N/A	N/A	N/A	N/A	N/A	(32,230)	199,563	N/A	N/A
Subtotal	75,468,541	70,180,467	5,177,326	5,336,500	N/A	N/A	1,279,115	1,715,213	N/A	N/A
Total after inter-segment elimination ⁽³⁾	70,074,081	64,198,210	5,177,326	5,336,500	7.4	8.3 ⁽¹⁾	1,279,115	1,715,213	1.8	2.7 ⁽²⁾

Notes:

- (1) Total gross profit margin is calculated as total gross profit divided by total revenue, which is the total revenue generated from each business segment after inter-segment elimination.
- (2) Total segment operating profit margin is calculated based on the total operating profit of the segment divided by total revenue, which is the total revenue generated by each business segment after inter-segment elimination.
- (3) Inter-segment elimination was mainly due to inter-segment sales made by the engineering, consulting and licensing, 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 in this annual report.

Engineering, Consulting and Licensing

Results of operations of the engineering, consulting and licensing business of the Group is as follows:

	Year ended 31 December			
	2025		2024	
	Amount	Percentage of segment revenue	Amount	Percentage of segment revenue
	(RMB' 000)	(%)	(RMB' 000)	(%)
Revenue	3,949,845	100.0	4,160,134	100.0
Cost of sales	(2,752,221)	(69.7)	(2,891,394)	(69.5)
Gross profit	1,197,624	30.3	1,268,740	30.5
Selling and marketing expenses	(47,098)	(1.2)	(47,204)	(1.1)
Administrative expenses	(238,859)	(6.0)	(235,184)	(5.7)
Research and development costs	(645,508)	(16.3)	(673,193)	(16.2)
Other income and expenses	(71,161)	(1.8)	(76,189)	(1.8)
Operating profit	194,998	4.9	236,970	5.7

During the Reporting Period, revenue from this business segment amounted to RMB3.950 billion, representing a decrease of 5.1% as compared with the same period of the previous year. Cost of sales amounted to RMB2.752 billion, representing a decrease of 4.8% as compared with the corresponding period last year. Gross profit margin decreased to 30.3% from 30.5% for the corresponding period last year. Research and development costs amounted to RMB646 million, representing a decrease of 4.1% as compared with the corresponding period of last year. The operating profit was RMB195 million.

EPC Contracting

The operating results of the EPC Contracting business of the Group is as follows:

	Year ended 31 December			
	2025		2024	
	Amount	Percentage of segment revenue	Amount	Percentage of segment revenue
	(RMB' 000)	(%)	(RMB' 000)	(%)
Revenue	46,208,364	100.0	37,998,934	100.0
cost of sales	(42,475,173)	(91.9)	(35,272,538)	(92.8)
Gross profit	3,733,191	8.1	2,726,396	7.2
Selling and Marketing Expenses	(77,252)	(0.2)	(77,338)	(0.2)
Administrative expenses	(605,020)	(1.3)	(481,671)	(1.3)
Research and development costs	(1,127,756)	(2.4)	(1,187,187)	(3.1)
Other income and expenses	136,677	0.3	66,771	0.2
Operating profit	2,059,840	4.5	1,046,971	2.8

During the Reporting Period, as large-scale EPC general contracting projects such as Aramco Huajin Project, Saudi Riyas Project and SABIC Mangguo Ethylene Project entered the settlement peak period, the revenue of this business segment amounted to RMB46.208 billion, representing a year-on-year increase of 21.6%. Cost of sales was RMB42.475 billion, representing a year-on-year increase of 20.4%. The gross profit was RMB3.733 billion, representing a year-on-year increase of 36.9%; and the gross profit margin was 8.1%, representing an increase of 0.9 percentage point as compared with the previous year. Administrative expenses increased by 25.6% year-on-year to RMB605 million due to newly leased premises in the office building. Research and development costs amounted to RMB1.128 billion, representing a decrease of 5.0% as compared with the corresponding period of last year. Operating profit was RMB2.060 billion, representing a year-on-year increase of 96.7%.

Construction

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

	Year ended 31 December			
	2025		2024	
	Amount	Percentage of segment revenue	Amount	Percentage of segment revenue
	(RMB' 000)	(%)	(RMB' 000)	(%)
Revenue	24,576,700	100.0	27,275,502	100.0
Cost of sales	(24,376,955)	(99.2)	(25,974,407)	(95.2)
Gross profit	199,745	0.8	1,301,095	4.8
Selling and marketing expenses	(48,677)	(0.2)	(49,846)	(0.2)
Administrative expenses	(652,421)	(2.7)	(576,582)	(2.1)
Research and development costs	(659,629)	(2.7)	(690,862)	(2.5)
Other income and expenses	210,510	0.9	238,024	0.9
Operation (loss)/profit	(950,472)	(3.9)	221,829	0.8

During the Reporting Period, revenue from this business segment amounted to RMB24.577 billion, representing a decrease of 9.9% as compared with the corresponding period of the previous year. Cost of sales was RMB24.377 billion, representing a decrease of 6.2% as compared with the corresponding period of last year. Due to the less-than-expected progress and effectiveness of individual construction projects (the **"Relevant Projects"**), the gross profit was RMB200 million, representing a decrease of 84.6% as compared with the corresponding period of last year, and the gross profit margin was 0.8%, representing a decrease of 4 percentage points as compared with the same period of last year. Administrative expenses amounted to RMB652 million, representing a year-on-year increase of 13.2%. Research and development costs were RMB660 million, representing a decrease of 4.5% as compared with the corresponding period of last year. Operating loss was RMB950 million.

The relevant projects are described as follows:

- (1) Construction contract of package P10 of sulphur recovery device for Marjan Oil and Gas Production Stimulation and Expansion Project in Saudi Arabia. For details of the construction, please refer to the announcement of the Company dated 28 February 2020. The EPC contractor of the project is Saipem S.p.A., Italy. As of the disclosure date of this report, the project was in the final stage of construction, with an overall progress of over 90% and close to completion.
- (2) Oil and gas processing engineering construction contract in Berri Oilfield, Saudi Arabia. For details of the project, please refer to the announcement of the Company on 26 February 2021. The EPC contractor of the project is Saipem S.p.A., Italy. As of the disclosure date of this report, the project was in the final stage of construction, with the overall progress of over 90%.

Up to the disclosure date of this report, the relevant projects have entered into the final stage of construction and settlement. The Group will uphold a professional approach and adhere to the principle of prudence, and make every effort to promote the completion and delivery of the project to ensure the quality of contract performance. At the same time, risk management will be strengthened, and the subsequent settlement work will be carried out in an orderly manner. Taking into account the actual progress of contract variations and claim negotiations pertaining to the relevant projects, the Group recognized the unrecoverable costs. The Group will actively pursue all necessary commercial remedies and claim entitlements.

Equipment Manufacturing

The operating results of the equipment manufacturing business of the Group is as follows:

	Year ended 31 December			
	2025		2024	
	Amount	Percentage of segment revenue	Amount	Percentage of segment revenue
	(RMB' 000)	(%)	(RMB' 000)	(%)
Revenue	733,632	100.0	745,897	100.0
Cost of sales	(686,866)	(93.6)	(705,628)	(94.6)
Gross profit	46,766	6.4	40,269	5.4
Selling and marketing expenses	(3,341)	(0.5)	(3,429)	(0.5)
Administrative expenses	(22,709)	(3.1)	(22,202)	(3.0)
Research and development costs	(24,771)	(3.4)	(25,698)	(3.4)
Other income and expenses	11,034	1.5	20,940	2.8
Operation profit	6,979	1.0	9,880	1.3

During the Reporting Period, revenue from this business segment amounted to RMB734 million and cost of sales amounted to RMB687 million, which was substantially the same as that in the corresponding period of the previous year. The gross profit was RMB47 million and the gross profit margin was 6.4%, representing an increase of 1 percentage point over last year. The operating profit was RMB7 million.

3 Discussion on the Results by Other Classification

Revenue generated by industry of the Group's customers:

	Year ended 31 December				Change
	2025		2024		
	Income	% of segment revenue	Income	% of segment revenue	
	(RMB' 000)	(%)	(RMB' 000)	(%)	
Oil refining	11,940,708	17.0	11,496,308	17.9	3.9
Petrochemicals	44,695,367	63.8	40,249,649	62.7	11.0
New coal chemicals	4,406,681	6.3	1,077,919	1.7	308.8
Storage & transportation and others	9,031,325	12.9	11,374,334	17.7	(20.6)
Total	70,074,081	100.0	64,198,210	100.0	9.2

During the Reporting Period, revenue from the petrochemical industry amounted to RMB44.695 billion, representing a year-on-year increase of 11.0%, and revenue from the oil refining industry amounted to RMB11.941 billion, representing a year-on-year increase of 3.9%. As projects including Lianhong ICP DAS RUN Advanced Materials and China Coal Yulin Coal Chemical Project entered the milestone recognition and settlement stage, revenue from new coal chemical industry project amounted to RMB4.407 billion, representing an increase of 308.8% as compared with the corresponding period of last year. Revenue from storage and transportation and others amounted to RMB9.031 billion, representing a decrease of 20.6% as compared with the corresponding period of last year.

Revenue generated by geographical location of the Group's customers:

	For the year ended 31 December				Rate of change
	2025		2024		
	Revenue	% of total revenue	Revenue	% of total revenue	
	(RMB' 000)	(%)	(RMB' 000)	(%)	
PRC	51,570,117	73.6	53,436,344	83.2	(3.5)
Overseas	18,503,964	26.4	10,761,866	16.8	71.9
Total	70,074,081	100.0	64,198,210	100.0	9.2

Revenue generated by the Group from services provided to Sinopec Group and its associates and non-Sinopec Group and its associates:

	For the year ended 31 December				Rate of change
	2025		2024		
	Revenue	% of total revenue	Revenue	% of total revenue	
	(RMB' 000)	(%)	(RMB' 000)	(%)	
Sinopec Group and its associates	25,199,902	36.0	24,223,627	37.7	4.0
Non-Sinopec Group and its associates	44,874,179	64.0	39,974,583	62.3	12.3
Total	70,074,081	100.0	64,198,210	100.0	9.2

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 fully 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. Terms of the uncompleted projects may also be extended due to various factors beyond the Group's control, making the projects remain in the Group's backlog for an extended period of time beyond what was initially anticipated.

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

	As at 31 December 2025	As at 31 December 2024	Rate of change
	(RMB' 000)	(RMB' 000)	(%)
Engineering, consulting and licensing	12,844,549	12,280,789	4.6
EPC Contracting	156,349,780	129,104,922	21.1
Construction	32,280,798	28,792,516	12.1
Equipment manufacturing	2,375,223	2,498,353	(4.9)
Total	203,850,350	172,676,580	18.1

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

	As at 31 December 2025	As at 31 December 2024	Rate of change
	(RMB' 000)	(RMB' 000)	(%)
Oil refining	44,602,200	30,426,712	46.6
Petrochemicals	89,806,206	84,004,588	6.9
New coal chemicals	17,111,415	13,296,032	28.7
Storage & transportation and others	52,330,529	44,949,248	16.4
Total	203,850,350	172,676,580	18.1

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

	As at 31 December 2025	As at 31 December 2024	Rate of change
	(RMB' 000)	(RMB' 000)	(%)
PRC	120,052,898	108,375,177	10.8
Overseas	83,797,452	64,301,403	30.3
Total	203,850,350	172,676,580	18.1

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

	As at 31 December 2025	As at 31 December 2024	Rate of change
	(RMB' 000)	(RMB' 000)	(%)
Sinopec Group and its associates	97,236,545	67,003,528	45.1
Non-Sinopec Group and its associates	106,613,805	105,673,052	0.9
Total	203,850,350	172,676,580	18.1

As at 31 December 2025, the Group's backlog amounted to RMB203.85 billion, representing an increase of 18.1% as compared to 31 December 2024, representing 2.9 times coverage of the full year revenue of RMB70.074 billion in 2025.

The following table sets forth a breakdown of the total value of new contracts entered into by the Group's each business segment for the periods indicated:

	For the year ended 31 December		Rate of change
	2025	2024	
	(RMB' 000)		(%)
Engineering, consulting and licensing	4,288,565	4,802,410	(10.7)
EPC Contracting	73,453,222	70,801,497	3.7
Construction	23,210,662	23,990,493	(3.3)
Equipment manufacturing	295,401	1,018,161	(71.1)
Total	101,247,850	100,612,561	0.6

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

	For the year ended 31 December		Rate of change
	2025	2024	
	(RMB' 000)		
Oil refining	26,116,194	14,727,443	77.3
Petrochemicals	50,496,985	52,292,794	(3.4)
New coal chemicals	8,222,066	12,434,222	(33.9)
Storage & transportation and others	16,412,605	21,158,102	(22.4)
Total	101,247,850	100,612,561	0.6

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

	For the year ended 31 December		Rate of change
	2025	2024	
	(RMB' 000)		(%)
PRC	63,247,836	62,102,466	1.8
Overseas	38,000,014	38,510,095	(1.3)
Total	101,247,850	100,612,561	0.6

The following table sets forth a breakdown of the total value of new contracts entered into between the Group with Sinopec Group and its associates and with non-Sinopec Group and its associates for the periods indicated:

	For the year ended 31 December		Rate of change
	2025	2024	
	(RMB' 000)		(%)
Sinopec Group and its associates	55,432,919	37,968,420	46.0
Non-Sinopec Group and its associates	45,814,931	62,644,141	(26.9)
Total	101,247,850	100,612,561	0.6

During the Reporting Period, the newly signed contracts value was RMB101.248 billion, representing an increase of 0.6% as compared with the corresponding period of last year.

5 Assets, Liabilities, Equity and Cash Flows

(1) Assets, liabilities and equity position

Unit: RMB' 000

	As at 31 December 2025	As at 31 December 2024	Change in Amount
Total Assets	91,217,852	81,513,339	9,704,513
Current Assets	83,408,216	73,465,738	9,942,478
Non-Current Assets	7,809,636	8,047,601	(237,965)
Total Liabilities	59,403,411	49,931,854	9,471,557
Current Liabilities	57,456,824	47,854,044	9,602,780
Non-Current Liabilities	1,946,587	2,077,810	(131,223)
Net Assets	31,814,441	31,581,485	232,956
Share Capital	4,394,024	4,397,881	(3,857)
Reserves	27,347,975	27,114,182	233,793
Comprehensive Equity Attributable to Equity Holders of the Company	31,741,999	31,512,063	229,936
Non-Controlling Interest	72,442	69,422	3,020

As at the end of the Reporting Period, the total assets of the Group were RMB91.218 billion, the total liabilities were RMB59.403 billion, and the equity attributable to shareholders of the Company was RMB31.742 billion. The changes in assets and liabilities as compared with that at the end of 2024 and the main reasons are as follows:

As at the end of the Reporting Period, the total assets were RMB91.218 billion, representing an increase of RMB9.705 billion as compared to the end of 2024. In which: current assets amounted to RMB83.408 billion, representing an increase of RMB9.942 billion as compared with the end of 2024, primarily attributable to the increase in cash and cash equivalents of RMB4.259 billion, the increase in time deposits with financial institutions of RMB3.301 billion, the prepayment and other receivables increased by RMB2.157 billion, contract assets increased by RMB358 million, notes and trade receivables decreased by RMB296 million, inventories decreased by RMB154 million; non-current assets were RMB7.810 billion, representing a decrease of RMB238 million as compared to the end of 2024, mainly attributable to a decrease of RMB150 million in right-of-use assets, and a decrease of RMB85 million in property, plant, and equipment.

As at the end of the Reporting Period, the total liabilities amounted to RMB59.403 billion, representing an increase of RMB9.472 billion as compared with that at the end of 2024. Including: current liabilities of RMB57.457 billion, an increase of RMB9.603 billion as compared with the end of 2024, primarily attributable to an increase of RMB8.865 billion in contract liabilities, an increase of RMB569 million in borrowings due to fellow subsidiaries, an increase of RMB414 million in notes payables and trade payables and other payables decreased by RMB189 million. Non-current liabilities amounted to RMB1.947 billion, representing a decrease of RMB131 million from the end of 2024, primarily due to a decrease of RMB241 million in retirement and other supplementary benefit obligations and an increase of RMB234 million in long-term borrowings due to fellow subsidiaries.

Consolidated equity attributable to equity holders of the Company amounted to RMB31.742 billion, representing an increase of RMB230 million as compared with that at the end of 2024, primarily attributable to the increase in retained earnings.

(2) Cash Flow Situation

During the reporting period, the net increase in cash and cash equivalents was RMB4.008 billion, and the net cash generated from operating activities was RMB8.186 billion. The table below shows the major items and changes in the Group's consolidated cash flow statements for the current reporting period and the same period of the previous year.

Unit: RMB'000

Major items of cash flow	For the year ended 31 December	
	2025	2024
Net cash generated from/(used in) operating activities	8,186,346	(2,210,914)
Net cash (used in)/generated from investing activities	(3,170,173)	2,527,902
Net cash (used in) financing activities	(1,008,070)	(1,698,296)
Net increase/(decrease) in cash and cash equivalents	4,008,103	(1,381,308)

During the Reporting Period, profit before tax was RMB2.242 billion, and after adjusting for expense items that have no impact on cash flow from operating activities, the amount was RMB2.228 billion. Major non-cash expenses were: depreciation and amortisation of RMB1.100 billion, net interest income and expenses amounted to RMB981 million, impairment reversal amounted to RMB48 million and exchange gains amounted to RMB23 million. Operating receivables and payables increased in cash inflow of RMB6.168 billion, mainly due to the increase in contract liabilities, which affected cash inflow from operating activities by RMB8.865 billion; the decrease in inventories, resulting in cash inflow from operating activities of RMB154 million; the increase in trade and other receivables resulted in an impact of cash outflow from operating activities of RMB1.508 billion; the decrease in trade and other payables resulted in an impact of cash outflow from operating activities of RMB716 million; and the increase in contract assets resulted in an impact of cash outflow from operating activities of RMB333 million.

After adjusting the profit before tax for non-cash items and receivables and payables, and then deducting the cash outflow of RMB1.026 billion for income tax paid, and the cash inflow of RMB817 million for interest received, the net cash generated from operating activities was RMB8.186 billion.

Net cash used in investing activities amounted to RMB3.170 billion, mainly due to purchase of equipment and increase in time deposits.

Net cash used in financing activities of RMB1.008 billion was mainly due to the payment of dividends.

(3) Summary of Financial Ratios

The following table sets forth the Group's key financial ratios as of the periods indicated.

Key Financial Ratios	For the year ended December 31	
	2025	2024
Net Profit Margin (%)	2.6	3.9
Return on assets (%) ⁽¹⁾	2.1	3.0
Return on equity (%) ⁽²⁾	5.7	7.8
Return on Invested Capital (%) ⁽³⁾	5.8	7.9

Key Financial Ratios	On 31 December 2025	On 31 December 2024
Gearing Ratio (%) ⁽⁴⁾	3.8	1.8
Net debt to equity ratio (%) ⁽⁵⁾	Net cash	Net cash
Current ratio ⁽⁶⁾	1.5	1.5
Quick Ratio ⁽⁷⁾	1.4	1.5

- (1) Return on Assets =
$$\frac{\text{Profit for the Year}}{(\text{Total Assets at the Beginning of the Year} + \text{Total Assets at the End of the Year})/2}$$
- (2) Return on Equity =
$$\frac{\text{Profit for the Year}}{\text{Total Equity at the end of the Year}}$$
- (3) Return on Invested Capital =
$$\frac{\text{Earnings before interest and tax for the year} \times (1 - \text{Effective Income Tax Rate})}{\text{Interest-Bearing debts at the end of the year} - \text{Credit Loan} + \text{Total Equity at the end of the year}}$$
- (4) Gearing Ratio =
$$\frac{\text{Interest-Bearing Debts at the end of the Year}}{\text{Interest-Bearing Debts at the end of the Year} + \text{Total Equity at the end of the Year}}$$
- (5) Net Debt to Equity Ratio =
$$\frac{\text{Net Debt at the end of the Year}}{\text{Total Equity at the end of the Year}}$$
- (6) Current Ratio =
$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$
- (7) Quick ratio =
$$\frac{\text{Current Assets} - \text{Inventories}}{\text{Current Liabilities}}$$

6 Foreign Exchange Risk

During the Reporting Period, the foreign currencies held by the Group were mainly USD, EUR, Saudi Riyal and Malaysian Ringgit, amounting to RMB10.121 billion. In the future, fluctuations in foreign exchange rates may have an impact on the pricing of the Group's services and expenses for purchased materials in foreign currencies, and fluctuations in exchange rates may affect the Group's operating performance. During the Reporting Period, the Group did not conduct hedging transactions in respect of foreign exchange fluctuations.

SIGNIFICANT EVENTS





SIGNIFICANT EVENTS

1 Corporate Governance

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

2 The Dividend Distribution Plan

The Board was authorised to decide the interim profit distribution plan of 2025 by the ordinary resolution passed at the 2024 annual general meeting held on 9 May 2025. The dividend distribution plan of RMB0.160 per share (inclusive of applicable taxes) in cash for the six months ended 30 June 2025 was approved at the 7th meeting of the Fifth Session of the Board convened on 15 August 2025 and was implemented.

The eleventh meeting of the Fifth Session of the Board approved the dividend distribution plan of the Company: based on 4,394,024,000 shares (including 1,426,824,000 H Shares and 2,967,200,000 domestic shares), being the total share capital of the Company as at 31 December 2025, it is proposed that (1) a final cash dividend for 2025 of RMB0.104 per share (inclusive of applicable taxes) would be distributed; (2) a special cash dividend of RMB0.094 per share (inclusive of applicable taxes) would be distributed. The above dividend distribution plan will be submitted to the Company's general meeting to be held for review and approval before implementation. The dividend is expected to be paid on or before Friday, 17 July 2026 to the qualified shareholders.

The dividend will be denominated and declared in Renminbi. The holders of domestic shares will be paid in Renminbi and the holders of H shares will be paid in Hong Kong dollars. The exchange rate for the dividend to be paid in Hong Kong dollars shall be based on the average of the reference exchange rate published by the China Foreign Exchange Trading Center at the end of each day during the five working days before the date of approval of the relevant dividend at the general meeting.

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

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

For investors (including enterprises and individuals) investing in the H shares of the Company listed on the Hong Kong Stock Exchange through the Shanghai Stock Exchange or Shenzhen Stock Exchange (the “**Southbound Trading**”), the Company has entered into the Agreement on Appropriation of Cash Dividends of H Shares for Southbound Trading 《港股通 H 股股票現金紅利派發協議》 with China Securities Depository and Clearing Corporation Limited, pursuant to which, China Securities Depository and Clearing Corporation Limited, as the nominee of the holders of H shares of Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares of Southbound Trading through its depository and clearing system. The cash dividends for the investors of H shares of Southbound Trading of the Company will be paid in Renminbi.

Pursuant to the relevant requirements under the “Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect” (Caishui [2014] No. 81) 《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81 號)) and the “Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect” (Caishui [2016] No. 127) 《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127 號)), for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

3 Connected Transactions

Continuing Connected Transactions between the Group and Sinopec Group

During the Reporting Period, the Group 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;
- (6) the Counter-guarantees provided by Sinopec Group;

- (7) the Safe Production Insurance Fund; and
- (8) the Trademark Licensing Agreement.

For the details and the reasons for and benefits of the above agreements (the “**Framework Agreements**”), please refer to the section headed “Connected Transactions” in the prospectus of the Company dated 10 May 2013, 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.

Annual Caps and Actual Amount of Continuing Connected Transactions of the Group

During the Reporting Period, the Group’s actual connected transaction amount totaled RMB27.930 billion, including purchases of RMB2.131 billion and sales of RMB25.799 billion (including sales of products and services amounting to RMB25.217 billion and an interest income of RMB582 million).

No.	Connected person	Continuing Connected Transactions Agreement	Transaction content	Annual Caps in 2025 (RMB100 million)	Actual transaction amount in 2025 (RMB100 million)
1	Sinopec Group and its associates	Engineering and Construction Services Framework Agreement and its Supplemental Agreements	Provision of engineering services to the Group by connected persons	70.00	18.79
			Provision of engineering services to connected persons by the Group	550.00	247.70
2	Sinopec Finance Co., Ltd. and Sinopec Century Bright Capital Investment Limited	Financial Services Framework Agreement and its Supplemental Agreements	Daily Maximum Balance of Deposits and Interest Income	80.00	79.67
			Maximum Daily Balance of Entrustment Loans and Interest Income	205.00	205.00
			Settlement and other financial services fees	0.05	0.04
3	Sinopec Group and its associates	Technology R&D Framework Agreement and its Supplemental Agreements	Provision of technology R&D services by the Group to a connected person	4.50	4.30
4	Sinopec Group and its associates	General Services Framework Agreement and its Supplemental Agreements	The Group provides a general services to a connected person	0.20	0.06
			Provision of general services by the Group by a connected person	2.00	0.68
5	Sinopec Group and its associates	Land Use Rights and Properties Leasing Framework Agreements	Provision of the land use rights and properties leasing services by the Group to a connected person	1.50	0.11
			Provision of the land use rights and properties leasing services provided by connected persons to the Group	6.00	1.65

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

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

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

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

- (a) The transactions were entered into in the ordinary and usual course of business of the Group;
- (b) One of the following items was met:
 - i The transactions were entered into on normal commercial terms;
 - ii If there were not sufficient comparable transactions to decide the commercial terms of the transactions, the transactions under the relevant agreements were entered into on terms no less favourable to the Company than terms available from or to independent third parties (as the case may be); or
 - iii If there were no appropriate assessments to determine whether the transactions met the conditions under (i) and (ii) above, the transactions were entered into on terms that were fair and reasonable to the shareholders of the Company; and
- (c) The transactions were conducted in accordance with the relevant agreements and the terms are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Other Connected Transaction during the Year

In order to enhance the overall strength of the Company, facilitate the expansion into emerging markets, and strengthen international business, on 23 December 2025, Sinopec Nanjing Engineering Co., Ltd. ("SNEI"), a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Sinopec Pipeline Storage and Transportation Asset Management Co., Ltd. (中國石化集團管道儲運資產管理有限公司) ("Pipeline Storage and Transportation Asset"), a subsidiary of the Company's controlling shareholder, Sinopec Group, pursuant to which, SNEI (as the purchaser) agreed to acquire the 100% equity interests in East China Pipeline Design and Research Institute Co., Ltd. (華東管道設計研究院有限公司) ("East China Pipeline Design and Research Institute") held by Pipeline Storage and Transportation Asset (as the seller), at a consideration of RMB191,204,309.07. East China Pipeline Design and Research Institute is a limited liability company incorporated in China by Sinopec Group in 1993, with a registered capital of RMB120 million at the time of its establishment. The transaction was completed on 1 January 2026. Please refer to the announcement published by the Company on 23 December 2025 for details of this transaction.

For details on the major related-party transactions (including the above-mentioned connected transactions) during the Reporting Period, please refer to Note 42 of the financial statements prepared in accordance with the IFRS in this annual report, among which the above continuing connected transaction and other connected transaction constitute connected transactions under the Hong Kong Listing Rules, and the Company has complied with the relevant requirements under Chapter 14A of the Hong Kong Listing Rules in relation to these connected transactions.

4 Material Litigation or Arbitration Events

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

5 Other Material Contracts

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

6 Repurchase, Sale and Redemption of Shares

During the Reporting Period, the Company repurchased a total of 3,857,000 H shares on the Hong Kong Stock Exchange, using funds totaling HK\$21,825,483.35.

On 12 May 2025, the Company cancelled 3,720,500 H shares repurchased from 17 March 2025 to 21 March 2025, which represent 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 and the relevant class meetings.

On 29 August 2025, the Company cancelled 136,500 H shares repurchased on 18 August 2025, which represent approximately 0.003% of the total issued share capital and 0.01% of the total issued H shares of the Company as of the date when the repurchase mandate was approved at the 2024 annual general meeting and the relevant class meetings.

After the completion of the cancellation of the 3,857,000 H shares repurchased, the number of issued shares of the Company is 4,394,024,000 shares (including 1,426,824,000 H shares and 2,967,200,000 domestic shares).

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

Repurchase month	Number of shares repurchased	Purchase price per share		Amounts of repurchases (HK\$)
		Highest (HK\$/share)	Lowest (HK\$/share)	
March	3,720,500	5.70	5.57	20,955,937.40
August	136,500	6.40	6.28	869,545.95

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

7 Reserves

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

8 Use of Proceeds from the Global Offering

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

As of 31 December 2025, the unutilised proceeds from the global offering carried forward to 2026 were approximately RMB6,299 million. The use of proceeds from the global offering of the Company as of 31 December 2025 is set out below:

Intended Use of Proceeds as of 30 June 2018 from Global Offering	Allocation of the Remaining Proceeds from Global Offering as of 30 June 2018	Used Proceeds from 2018 to 2024	Used Proceeds during the Reporting Period	Remaining Proceeds as at 31 December 2025
	(RMB million)	(RMB million)	(RMB million)	(RMB million)
Establishing an engineering and technological R&D center, modular construction base and machinery manufacturing projects	600.00	20.00	11.83	568.17
Improving and developing overseas marketing networks	300.00	–	–	300.00
Information technology development projects	500.00	55.32	–	444.68
Purchasing large lifting and transport equipment and specialized construction equipment	400.00	208.31	–	191.69
Newly added long-term equity investment	2,200.00	1,165.04	100.00	934.96
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	1,448.67	111.83	6,298.50

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

Save as disclosed in “Major Events – 3 Connected Transactions – Other Connected Transaction During the Year”, 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 RMB953 million borrowings from the fellow subsidiaries as at the end of the Reporting Period.

16 Contingent Liabilities

For details of the contingent liabilities of the Group, please refer to Note 41 to the financial statements contained in this annual report.

17 Review of Annual Report

The Audit Committee of the Company has reviewed this annual report. The Audit Committee did not have any disagreement concerning the financial results for the year.

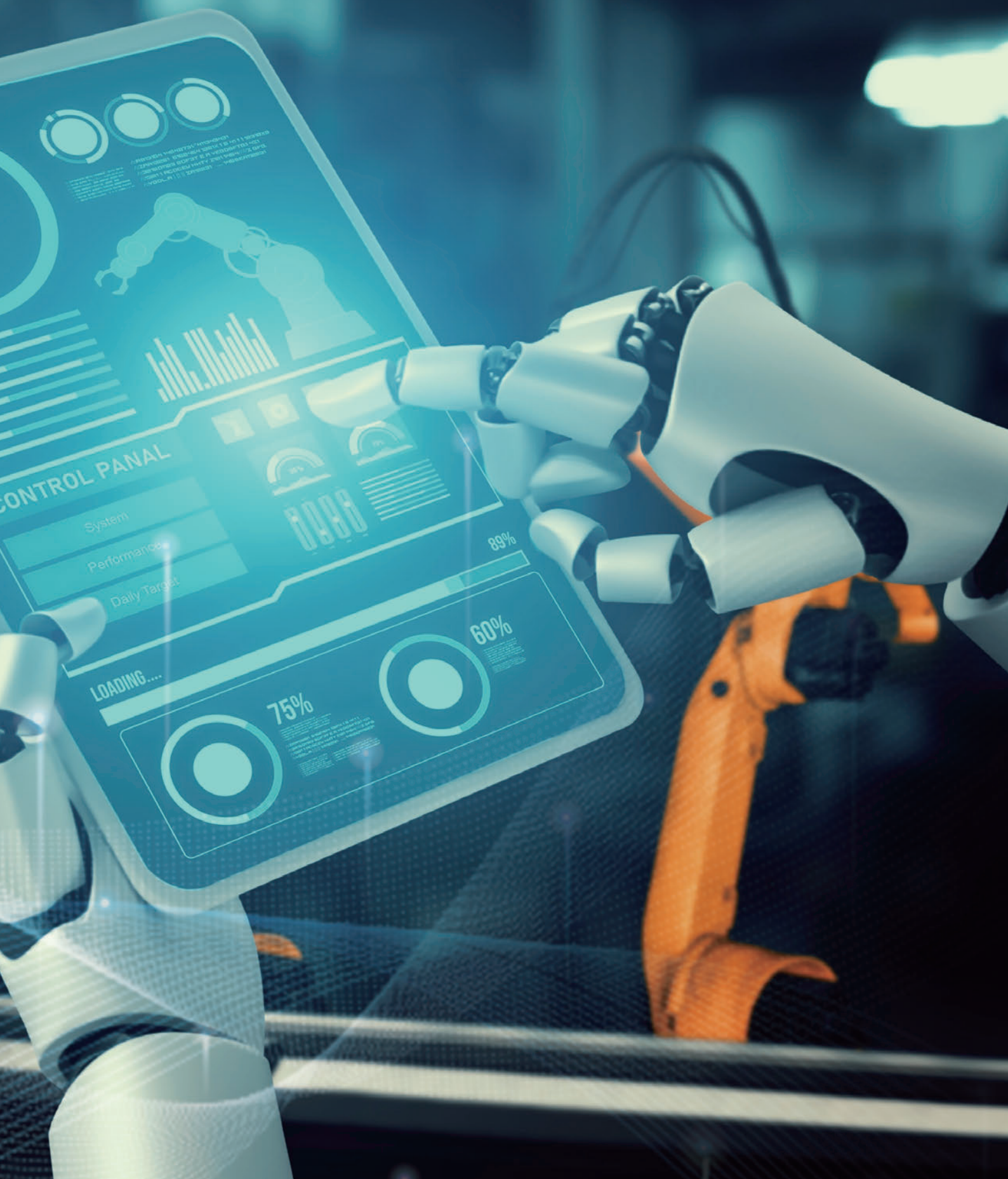
The Audit Committee is comprised of all independent non-executive Directors, namely, Mr. YE Zheng, Mr. ZHAO Jinsong and Ms. ZHANG Xuyan. Among them, Mr. YE Zheng has the appropriate professional qualifications (including being a member of the Hong Kong Institute of Certified Public Accountants) and over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

18 Significant Events Affecting the Group after the Reporting Periods

From 31 December 2025 and up to the date of this annual report, the Group has no other significant events.

CORPORATE GOVERNANCE





CORPORATE GOVERNANCE

1 Enhancement of Corporate Governance during the Reporting Period

During the Reporting Period, the Company standardised corporate governance based on actual circumstances and domestic and international laws and regulations in strict accordance with the working rules and regulations such as the Rules of Procedure for the General Meetings, the Rules of Procedure for the Board Meetings and the Rules of Procedure for the Supervisory Committee Meetings. The Company updated the internal documents in accordance with the Hong Kong Listing Rules and other applicable laws and regulations in a timely manner; continuously modified its internal control system to intensify the execution thereof.

During the Reporting Period, the Company further enhanced the trainings to strengthen the awareness of responsibility of all Directors and senior management. The Company provided Directors with monthly reports of “Company Information”, which provided the Directors with relevant data and information to perform their duties and make reasonable decisions. The Company also continued to enhance voluntary information disclosure to increase the transparency of the Company, and focused on investors’ interest by strengthening two-way communication with investors. The Company actively performed its social responsibilities and promoted its sustainable development.

During the Reporting Period, none of the Company, the Board, any Director, any senior management member, the controlling shareholder or de facto controller was punished by administrative means or publicly sanctioned by the Hong Kong Securities and Futures Commission, or publicly condemned by the Hong Kong Stock Exchange.

2 Equity Interests of Directors and the Senior Management Members

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

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

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

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

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

4 The Company's Independence from the Controlling Shareholder

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

From 1 January 2025 to 31 December 2025, Sinopec Group complied with the principles and terms of the Non-Competition Agreement and the undertakings therein, and did not violate the Non-Competition Agreement and the undertakings therein. The aforesaid was concluded based on Sinopec Group's overall review of the compliance with each provision (including but not limited to the provision of options for new business opportunities, options for acquisitions and pre-emptive rights) under the Non-Competition Agreement and the undertakings therein.

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

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

5 Construction and Implementation of Internal Control System of the Group

Internal Control Construction

During the Reporting Period, the Company continued to improve the “Internal Control Manual of the Company” (the “**Internal Control Manual**”). The Internal Control Manual complies with domestic and overseas regulatory requirements such as the “Basic Standard for Internal Control of Enterprises”, the “Implementation Guidelines for Internal Control of Enterprises”, and the “Guidelines for Assessment of Internal Control of Enterprises”, which was jointly issued by five ministries and commissions including the Ministry of Finance of PRC, as well as the requirements under the SFO and the Hong Kong Listing Rules, and establishes a comprehensive internal control system.

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

The Company prepares annual goals and working plans with regard to internal control, and conducts comprehensive trainings, daily management and supervision and evaluation, establishing an effective risk management mechanism. Among them, first line of defense: business departments at all levels – including markets, operations, and overseas business – serve as the primary entities responsible for risk prevention; second line of defense: supporting functional departments at all levels – such as legal, risk, compliance, finance, human resources, quality, safety, technology, and information – assist the first line of defense to prevent risks from different business areas; third line of defense: supervision and audit departments at all levels serve as assurance functions, independently conducting audit evaluations on the Company’s risk and internal control system. An internal control supervision and evaluation system has been established, comprising regular testing by enterprises (departments), daily oversight by internal control management departments, and comprehensive inspection and evaluation by audit departments.

Setup of Internal Control Examination and Supervision Department

The Corporate Reform and Legal Department of the Company is responsible for comprehensive oversight of internal controls. It is responsible for the daily supervision and the organisation of specific inspection. The Supervision and Audit Department is in charge of internal control evaluations and conducts independent comprehensive inspections and evaluation of internal control. The Company and its subsidiaries have established a two-level internal control inspection and evaluation system to carry out comprehensive inspection and evaluation.

Improvement of the Internal Control System Relating to Financial Accounting

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

Internal Control Deficiencies and Rectification

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

Businesses with Sanctioned Countries

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

Arrangement for Internal Control by the Board

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

Inside Information Management System

During the Reporting Period, in compliance with the disclosure requirements under the Hong Kong Listing Rules and the Guidelines on Disclosure of Inside Information information promulgated by the Securities and Futures Commission, the Group conducted regular training for insiders and management staff to enhance the awareness of insiders Legal awareness; requested not to use confidential or inside information without authorisation against senior management and employees who were more likely to be aware of unpublished inside information or other information about the Group that was not made public; for any enquiries about the Group's affairs, only the secretary to the Board and authorised personnel of relevant parties communicated with relevant parties. The Group formulated the Administrative Measures for the Registration of Insiders of Inside Information, and assigned specialized agencies and personnel to be responsible for the registration and management of insiders; the Company established a management file of insiders of the Company and updated them regularly.

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

(1) Compliance with Corporate Governance Code

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

A Board

A.1 Board

- a. The Board is the decision-making body of the Company, and all decisions made by the Board are carried out by the management of the Company. The Board follows sound corporate governance practices and procedures, operates standard, and commits itself to improving the corporate governance of the Company.
- b. The Board holds at least four meetings annually. The Board communicates with the Directors about the time and subject matters 14 days prior to the meeting. The documents and materials for the meeting will usually be distributed 10 days in advance to each Director. In 2025, the Company held 9 Board meetings. For details of the attendance of the meetings, please refer to the Report of the Board in this annual report.
- c. Each member of the Board may submit proposals to be included in the agenda for the Board meetings, and each Director is entitled to request other related information.

- d. The Board has evaluated its own operation and work for the year and was of the view that the composition of the Board was appropriate and balanced. The Board made decisions in compliance with domestic and foreign regulations and the Company's internal rules, prudently listened to the report of the Supervisory Committee, and safeguarded the rights and interests of the Company and its shareholders. The Directors and the senior management diligently fulfilled their responsibilities and actively took part in trainings and continuing professional development, which led to the improvement of governance of the Company.
- e. The secretary to the Board and company secretary will assist the Directors in handling the routine tasks of the Board and continuously provide the Directors with and keep them informed of the regulations, policies and other requirements of domestic and overseas regulatory bodies in relation to corporate governance, and assist the Directors in complying with domestic and foreign laws and regulations as well as the Articles of Association in performing their duties and responsibilities. The Company has purchased liability insurance for all the Directors to minimise any risk which may arise from the proper performance of their duties.

A.2 Chairman of the Board and President

- a. Mr. JIANG Dejun serves as the Chairman of the Board, Mr. ZHANG Xinming serves as the executive Director and President. The Chairman of the Board is elected by the majority of the Directors, while the President is nominated and appointed by the Board. The duties and responsibilities of the Chairman of the Board and the President are clearly distinguished from each other and the scope of their respective duties and responsibilities is set out in the Articles of Association.
- b. The Chairman of the Board highly values the communication with the independent non-executive Directors and holds meetings with them at least once each year without the presence of other Directors.
- c. The Chairman of the Board encourages open and active discussions. Directors can speak freely and actively participate in discussions on production and operation, corporate governance and material investments of the Company in Board meetings.

A.3 Board Composition

- a. As at the date of this annual report, the Board of the Company consists of nine members, with two female Directors (for details, please refer to the section headed "Directors and Other Members of Senior Management and Employees" of this annual report). All Directors have rich expertise experience and governance knowledge. Among the 9 members, there are 3 executive Directors, 3 non-executive Directors and 3 independent non-executive Directors. The independent non-executive Directors represent at least one-third of the Board. The executive Directors and non-executive Directors of the Company have management experience in engineering, petroleum or petrochemical large enterprises. The independent non-executive Directors are well-known industry experts, financial and accounting experts and risk experts, respectively, and have experiences in managing large corporations, capital operation and finance investments. The composition of the Board is reasonable and diversified.
- b. There is no financial, business, family or other material/relevant relationship among the members of the Board (especially between the Chairman of the Board and the President) except for the working relationship.
- c. The Company received the confirmation letter for the year 2025 from each of the independent non-executive Directors regarding his compliance with relevant independence requirements as set out in Rule 3.13 of the Hong Kong Listing Rules. The Company is of the view that each of the independent non-executive Directors is independent.

A.4 Appointment, Re-election and Dismissal

- a. The term of office of each Director (including non-executive Directors) is 3 years. If an independent non-executive Director has already served 9 years, his further appointment shall be subject to a separate resolution to be approved at the general meeting.
- b. All Directors will be elected through legal procedures, and the Board has no power to appoint temporary Directors.
- c. For newly appointed Directors, the Company will engage professional consultants to prepare detailed materials, inform such Directors of regulatory requirements of the place where the Company is listed and remind such Directors of their rights, obligations and responsibilities.

A.5 Nomination Committee

- a. The Company has established the Nomination Committee. Mr. JIANG Dejun, the Chairman of the Board and the executive Director, is the chairman of the Nomination Committee. Mr. ZHANG Xinming, an executive Director and the President, and Mr. YE Zheng, Mr. ZHAO Jinsong and Ms. ZHANG Xuyan, each an independent non-executive Director, are members of the Nomination Committee. The terms of reference of the Nomination Committee have been established, in which the procedure for the nomination of directors is set out, and are available on the websites of the Company and the Hong Kong Stock Exchange. The Nomination Committee will recommend the appointment or re-election of the Directors as well as the succession plan of Directors (especially the Chairman of the Board and the President of the Company), seek director candidates with appropriate qualifications and competence; select or nominate such individual to be appointed as Directors, or to make recommendations thereof to the Board. In nominating director candidate, the Nomination Committee mainly considers the skills, knowledge and experience of the director candidate and the qualification for him/her serving as a director. It will also evaluate the time and effort they can devote and the director diversity policy. The Nomination Committee is also responsible for evaluating the independence of independent non-executive directors.
- b. After discussions and consideration, the Nomination Committee was of the view that the structure, number of members and composition of the Board in 2025 were reasonable and in consistence with the strategies of the Group.
- c. Nomination Committee members can engage professionals when performing duties. Reasonable costs arising from or in connection with such consultation are borne by the Group. The expenses of the Nomination Committee are included in the budget of the Company.
- d. Please refer to the “Report of the Board – Meetings Held by the Special Committees of the Board” of this annual report for information about meetings held by the Nomination Committee.
- e. The Board has established the Board Diversity Policy, which provides that the nomination and appointment of Board members should be based on the skills and experience necessary for the overall sound operation of the Board, with due considerations given to the goal and requirement for the diversity of the Board members. When determining the composition of the Board, the Company should consider their diversity from different aspects, including but not limited to gender, age, culture, educational background, race, professional experience, skills, knowledge and tenure of service.
- f. Two measurable objectives are set up in the Board Diversity Policy, (1) to consider director candidates from a wide pool of talents taking into account the culture and educational background, gender, professional and industry experience, skills, experience, and other contributions that would satisfy the current needs of the Board; and (2) to review whether the composition and structure of the Board is suitable for the overall development strategy of the Group based on our business operation and the developmental need on an annual basis, and to propose adjustment and implementation plans where appropriate.

During the Reporting Period, the progress made by the Group regarding such measurable objectives is as follows: (1) On 26 May 2023, the Company appointed Ms. XIE Yanli as an executive Director (employee representative Director) through a democratic election process. On 9 May 2025, Ms. ZHANG Xuyan was elected as an independent non-executive Director by the shareholders at the general meeting. The appointment of directors by the Company complies with the Board Member Diversity Policy and aligns with the Group’s overall development strategy. When replacing or adding directors, the Nomination Committee will identify suitable candidates in accordance with the Company’s Board Diversity Policy and make recommendations to the Board. The Company’s Board will also appoint suitable director candidates based on the Group’s overall development and the need for Board diversity; and (2) The current composition and structure of the Board meet the Group’s current business operation and development needs, and can provide valuable advice to the Company and supervise the Company’s decision-making. The Company will annually evaluate the implementation and effectiveness of the Board Diversity Policy, objectively considering the composition and performance of the Board.

A.6 Responsibility of Directors

- a. All the non-executive Directors of the Company have the same duties and rights as executive Directors. In addition, the non-executive Directors, especially the independent non-executive Directors, have certain specific duties and rights. The rights and obligations of Directors and non-executive Directors (including the independent non-executive Directors) are set out in the Articles of Association and the Rules of Procedure for the Board Meetings.
- b. All Directors were able to devote sufficient time and effort in handling the matters of the Company.
- c. The Company has adopted the Model Code as code of conduct regarding the Directors' securities transactions. All Directors of the Company have confirmed that they have been in compliance with the Model Code during the Reporting Period. The Company has also established the "Measures for the Registration and Management of Person Possessing Inside Information" with standards no less stringent than the Model Code to regulate the trading of the Company's securities by the Company's employees.
- d. The Company is responsible for arranging trainings for Directors and providing for the corresponding expenses. The Directors actively participated in continuing professional development. The Company has received the training records from Directors. For details, please refer to the Report of the Board in this annual report.

A.7 Provision for and Access to Information

- a. The meeting agenda as well as other reference documents of the Board meetings and each special committee meetings will be distributed prior to the meetings so that each member will have sufficient time to review, which enables them to have comprehensive discussions at the meetings. Each Director can obtain all related information in a comprehensive and timely manner, and can seek advice from professional consultants if needed.
- b. The secretary to the Board is responsible for organising and preparing materials for the Board meetings, including the explanation for each proposal to ensure thorough understanding by each Director. The management shall provide the Directors with necessary information and materials. The Director can request the President, or request, via the President, relevant departments of the Group to provide necessary information of the Group or related explanations.

B Remuneration of Directors and the Senior Management

- a. The Company has established the Remuneration Committee. Mr. ZHAO Jinsong, an independent non-executive Director, is the chairman of the Remuneration Committee, and Mr. YE Zheng and Ms. ZHANG Xuyan, each an independent non-executive Director, are members of the Remuneration Committee. The terms of reference of the Remuneration Committee are available on the websites of the Company and the Hong Kong Stock Exchange. The Remuneration Committee is responsible for considering and giving advice to the Board on the policy and structure for remuneration of all Directors and senior management or determining as authorised by the Board, or giving advice to the Board on the remuneration of individual executive Directors and senior management. The remuneration of Directors shall be determined in accordance with relevant laws and regulations of the PRC and the internal measures on remuneration of the Company. The expenses of the Remuneration Committee are included in the budget of the Company.
- b. The Remuneration Committee consults the Chairman of the Board regarding the remuneration proposals for other executive Directors. After assessment by the Remuneration Committee, it was of the view that for the year 2025, each of the executive Directors has fulfilled his/her responsibilities as stipulated under their service contracts.
- c. Please refer to "Report of the Board – Meetings Held by the Special Committees of the Board" of this annual report for information about meetings held by the Remuneration Committee.

C Accountability and Auditing

C.1 Financial Reporting

- a. The Directors are responsible for supervising the compilation of accounts in each financial period, which shall be prepared on a going concern basis, and should ensure that the accounts can authentically and fairly reflect the business conditions, operating results and cash flows of the Group during the corresponding period. The Board approved the financial statements for the year 2025 and warranted that there were no misrepresentations, misleading statements or material omissions contained in this annual report, and take jointly and severally responsibility for the authenticity, accuracy and integrity of the contents therein.
- b. The Company provides financial information, production and operation status to the Directors every month to ensure that the Directors are informed of the Company's latest developments in a timely manner.
- c. The Company adopted an internal control mechanism to ensure that the management and relevant departments provide sufficient financial data and related explanations to the Board and the Audit Committee.
- d. The external auditors of the Company issued a statement about their reporting responsibilities in the independent auditors' report contained in the financial statements.

C.2 Risk Management and Internal Control

- a. The Company has established a comprehensive and basic process for risk management that is composed of target setting, risk identification, risk assessment, risk response, supervision and improvement. At the beginning of each year, the Company and its subsidiaries will take into account then production and operation situation to analyse the changes and impact of the internal and external environment, identify the risk factors and major risk points in each professional field, rank and evaluate the identified risks, formulate countermeasures and monitoring and warning indicators to address the major and important risks and dynamically monitor the operation risks.
- b. The Company has deeply integrated risk management with internal control. The risks are identified in the internal control matrix according to the Company's risks list and the internal control key points will be modified and improved on such basis to implement risk prevention measures in daily business management activities. The Company has clearly defined the responsible parties and strengthened supervision and inspection through means including internal control evaluation to ensure that the internal risks are controllable and under control.
- c. The Board is the highest decision-making authority for the Company's overall risk control measures. The Board acknowledges that it is its responsibility to ensure that the Company has established and maintained appropriate and effective risk management and internal control systems, and has the responsibility to review the effectiveness of these systems at least once a year. Such systems are designed to manage rather than eliminate risks such as failure to achieve business objectives, and can only provide reasonable, but not absolute, assurance that there will be no material misstatement or loss. The Company has established the Risk Management Committee to organise and lead the comprehensive risk management and internal control work of the Company. The departments and subsidiaries of the Company specifically implement overall risk management and internal control measures. They are responsible for promptly identifying, analysing and evaluating the risks in production and operations to put forward the counter-measures and solutions for internal control that are to be implemented afterwards.
- d. For the purpose of inspecting and evaluating the internal risk control measures of the Company, the risk management departments of the Company and its subsidiaries will test on the implementation of internal control on a quarterly basis. The supervision and audit department of the Company will carry out comprehensive annual inspections and evaluations on the effectiveness of control design and operation. The general procedures of inspection and evaluation mainly include drawing up a plan for inspection and evaluation of internal control, setting up a working group for inspection and evaluation of internal control, implementing online testing of the internal control system or onsite inspection and evaluation, identifying the deficiencies in internal control, re-checking and confirming the deficiencies, arriving at a conclusion based on onsite evaluation, summarising and analysing the results of inspection and evaluation, compiling the seasonal test report of internal control as well as the annual and interim work report on risk management and internal control, and regularly reporting to the management members and the Board.

- e. The Company prepares and issues regular reports such as annual reports, interim reports and the Environmental, Social and Governance Report in accordance with the requirements of the place where the Company is listed. The regular reports are reviewed by the executives and considered by the management of the Company before being submitted to the Board and the Supervisory Committee for approval and forming the resolution documents. The office of the Board will finalise the regular reports according to the opinions of the Board and disclose the reports together with other relevant documents required to be submitted and disclosed on the designated websites within the given timeframe. The Company has established procedures on disclosure of inside information to ensure that inside information is promptly identified, assessed and submitted, where applicable, to the Board. In case of the occurrence of any significant event that needs to be disclosed, the office of the Board will organise the drafting of a provisional announcement according to the actual conditions and go through the relevant approval procedures according to the Articles of Association and rules and procedures of the Company before disclosing the information.
- f. Statement of risk management and internal control: Internal risk control departments of the Company and its subsidiaries carry out risk management and internal control inspection and evaluation at least quarterly, and supervision and audit departments organise and implement internal control comprehensive inspection evaluation at least annually. During the Reporting Period, risk management and internal control inspection of the Company cover the Reporting Period, and the scope of inspection covers all major control aspects (including finance, business operation, compliance control and risk management function). In particular, the Board considers that the Company has adequate resources, staff qualifications and experience in accounting, internal audit and financial reporting functions as well as aspects related to the Company's environmental, social and governance performance and reporting, and the training courses received by the staff and relevant budget are also sufficient. The risk management and internal control evaluation results of the Company indicated that the Company has gradually enhanced consciousness on internal control as well as risk prevention from top down, adopted effective measures to strengthen internal control management. The Company is not aware of any material deficiency, and the internal control of the Company (including financial report and compliance procedures according to the Hong Kong Listing Rules) is overall effective.

C.3 Audit Committee

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

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

- b. Please refer to “Report of the Board – Meetings Held by the Special Committees of the Board” of this annual report for information about meetings held by the Audit Committee. Review opinions are issued at the meetings of audit committee, and submitted to the Board upon the signature of the members. During the Reporting Period, there was no disagreement between the Board and the Audit Committee.
- c. Members of the Audit Committee may engage professionals when performing duties. Reasonable costs arising from or in connection with such consultation are borne by the Group. Meanwhile, the Audit Committee appointed an advisory member to assist the Audit Committee in specific daily routines. The expenses of the Audit Committee are included in the budget of the Group.
- d. During the Reporting Period, the Audit Committee held meetings with the auditors twice without the presence of the management members, either in writing or through meeting in person, discussing the audit work of financial reports and the auditors’ fees for the year as well as coordinating the work allocation between the internal and external auditors. The Audit Committee considered the adequacy of resources, staff qualifications and experiences, as well as the training programmes provided to the relevant staffs and the budget of the Company’s accounting, internal audit and financial reporting functions during the Reporting Period. The Audit Committee considered that the Company’s management performed their duties and established an effective internal control system. In addition, the Audit Committee also considered the adequacy of the resource of the Company’s internal audit function, reviewed and monitored the effectiveness of the internal audit function on a constant basis. According to the Company’s internal control mechanism, the Company has established whistle-blowing mechanism, whereby the staff and stakeholders may have a channel, such as online reporting, reporting through letters, meeting with reporters, complaint mail box, to report and complain on their discovered activities that have breached the Company’s internal control system. The Audit Committee has reviewed and approved such system.

D Delegation of Power by the Board

- a. The Board, the management and the special committees of the Board have clear terms of references. The Articles of Association, the Rules of Procedure for the General Meetings, the Rules of Procedure for the Board Meetings, and the Working Rules for the President clearly defined the scopes of duties, authorities and authorisations of the Board and the management.
- b. In addition to the Nomination Committee, Audit Committee and Remuneration Committee, the Board has also established the Strategy and Development Committee. Mr. JIANG Dejun, an executive Director, serves as the chairman of the Strategy and Development Committee. Mr. ZHANG Xinming, an executive Director and the President, serves as the vice chairman of the Strategy and Development Committee. Mr. XIANG Wenwu (a non-executive Director), Mr. LI Chengfeng (a non-executive Director), Mr. YU Renming (a non-executive Director) and Ms. ZHANG Xuyan (an independent non-executive Director) serve as members of the Strategy and Development Committee. The Strategy and Development Committee is responsible for studying the long-term development strategies as well as major decisions on capital expenditure, investment and financing of the Company. Please refer to “Report of the Board – Meetings Held by the Special Committees of the Board” of this annual report for information about meetings held by the Strategy and Development Committee.
- c. All special committees under the Board have clearly defined scope of responsibilities in writing. The terms of reference of all special committees under the Board specify that such committees should report its decisions or recommendations to the Board.

- d. The Board confirms that corporate governance should be joint responsibilities of directors, and corporate governance functions include:
- (i) to develop and review the policies and practices on corporate governance of the Company;
 - (ii) to review and monitor the training and continuous professional development of Directors and senior management;
 - (iii) to review and monitor the policies and practices on compliance with legal and regulatory requirements of the Company;
 - (iv) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
 - (v) to review the compliance with Corporate Governance Code and disclosure in the Corporate Governance Report of the Company.

E Investor Relationship

- a. The Company places great emphasis on investor relations. The senior management of the Company conducts road shows for investors every year to introduce matters that investors may be interested in, such as development strategies, production and business performance of the Company. The office of the Board is responsible for communicating with investors in compliance with regulatory requirements through meetings with institutional investors, inviting investors for site visits and setting up email accounts for investors, which enhanced communications with investors. The Company continuously monitors and evaluates the implementation and effectiveness of the shareholders' communication policy during the year to ensure its effectiveness.
- b. For each issue at a general meeting, a separate resolution was proposed. All resolutions were voted by poll to safeguard the interests of all the shareholders of the Company. The Company shall issue the notice to shareholders 20 days prior to the annual general meeting (excluding the day of such meeting) and 15 days prior to the extraordinary general meeting (excluding the date of such meeting).
- c. The Chairman of the Board shall host the general meetings as the chairman of such meeting and arrange for members of the Board and the senior management to attend general meetings and answer questions raised by the shareholders of the Company.
- d. During the Reporting Period, the Company amended its Articles of Association, Rules of Procedure for General Meetings, and Rules of Procedure for Board Meetings. Key amendments include: cancelling the Supervisory Committee, with its functions and powers to be assumed by the Audit Committee; restructuring the Board by setting a new position as the employee director; refining the powers of the General Meeting and Board of Directors; protecting minority shareholders' rights by lowering the required shareholding threshold for submitting proposals from over 3% to over 1%; additionally, the notice period for general meetings was optimized, and the general meeting procedures was improved. For details, please refer to the Company's "Notice of the First Extraordinary General Meeting for the year 2025 and Closure of Register of Members" and the relevant circular published on 6 November 2025, and the "Articles of Association," "Rules of Procedure for General Meetings," and "Rules of Procedure for Board Meetings" published on 23 December 2025.

F Company Secretary

- a. Currently, Mr. YIN Fengbing and Ms. NG Sau Mei are the joint company secretaries of the Company. They are recognised by the Hong Kong Stock Exchange as the professionals, and are nominated by the Chairman of the Board and appointed by the Board. They report to the Chairman of the Board and are responsible to the Company and the Board. The company secretaries give opinions on corporate governance to the Board and arrange orientation training and professional development of the Directors.
- b. The company secretaries of the Company actively participated in professional development training and have taken no less than 15 hours of relevant professional training during the Reporting Period.

G Shareholders' Rights

- a. Shareholders who individually or collectively hold 10% or more of the total voting shares issued by the Company may request in writing for the Board to convene an extraordinary general meeting or domestic shareholders' or H shareholders' meetings. If the Board fails to grant the request to convene the meeting according to the Rules of Procedure for General Meetings, shareholders may convene and hold the meeting at their discretion according to laws, and reasonable expenses arising therefrom are to be borne by the Company. The aforesaid provisions are subject to the following conditions: the proposals proposed at the general meeting shall fall within the scope of authorities of the general meetings, with specified proposals and resolutions, and in compliance with the relevant laws, administrative regulations and the Articles of Association.
- b. At the general meeting of the Company, shareholders who individually or jointly hold 1% or more of the total voting shares of the Company can propose additional proposal 10 days before the general meeting.
- c. The eligibility for attending the general meeting, the shareholders' rights and the meeting agenda are clearly stated in the notices to the shareholders of the Company.
- d. The Company requires that the Company Secretary is responsible for establishing an effective communication channel between the Company and its shareholders, setting up a special organisation for contacting shareholders, and passing their opinions and advice to the Board and the management members in a timely manner. Contact details of the Company are set out under the "Investor Center" section on the website of the Company.

(2) Auditors

At the 2024 Annual General Meeting held on 9 May 2025, the Company approved the appointment of BDO China Shu Lun Pan Certified Public Accountants LLP and BDO Limited as the domestic and international auditors of the Company for the year 2025 and authorised the Board to determine their remuneration for the year 2025. Pursuant to the resolution passed at the Second Meeting of the Fifth Board of Directors, the audit fee for 2025 is RMB4.57 million. The financial statement of 2025 was audited by BDO Limited.

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

REPORT OF THE BOARD





REPORT OF THE BOARD

The Board is pleased to present the report for the year ended 31 December 2025 for shareholders' review.

1 Board Composition

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

2 Principal Business Activities

The Group is an integrated service provider of the whole industry chain and life cycle of the energy and chemical industry. We principally engaged in industry sectors such as petroleum refining, petrochemical, aromatics, new coal chemical, inorganic chemicals, pharmaceutical chemicals, clean energy, storage and transportation facilities, environmental protection and energy saving. The Group provides global customers with whole industry chain services, including engineering R&D, technology consulting, technology licensing, engineering consulting, engineering design, project management, financing assistance, EPC (engineering, procurement and construction) contracting, as well as material procurement, equipment manufacturing, construction and installation, lifting and transportation of large equipment, pre-commissioning and commission, and operation and maintenance.

The list of the Company's major subsidiaries as at 31 December 2025, together with (among others) details of their principal countries of operation, places of incorporation or establishment and particulars of their issued share capital, is set out in Note 44 to the financial statements contained in this annual report.

3 Meetings of the Board

During the Reporting Period, the Company held 9 Board meetings. The details are as follows:

The Second Meeting of the Fifth Session of the Board was convened in Beijing, China on 14 March 2025, and reviewed and approved the following: Work Report of the Board for the year 2024, Report on Business Operation for the Year 2024 and Work Arrangements for the Year 2025, Proposal on the Audited 2024 Annual Financial Report, Proposal on Annual Report and Results Announcement for the Year 2024, Proposal on the 2024 Environmental, Social and Governance Report, Proposal on the Business Operation Plan, Investment Plan and Financial Budget for the Year 2025, Proposal on the "Internal Control Manuals (Edition 2025)", Proposal on Approval of Internal Audit Work Plan for the Year 2025, Proposal on the Cap for the Amount of the Parent Guarantee for the Year 2025, Proposal on the Final Dividend Distribution Plan for the Year 2024 and Proposed Authorisation to the Board to Determine the Interim Profit Distribution Plan for the Year 2025 to be Approved of the Annual General Meeting, Proposal on Appointment of Domestic Auditor and International Auditor and Authorisation to the Board to Fix their Remuneration for the Year 2025, Proposal on Reduction of the Registered Capital of the Company and Amendments to the Articles of Association, Proposal on Proposed Appointment of Independent Non-executive Directors for the Fifth Session of the Board, Proposal on Financial Derivatives Business for the Year 2025, Proposal on the Application for H-Share Full Circulation Plan for Certain Domestic Unlisted Shares of the Company and Related Authorization Matters, Proposal on Grant of a General Mandate to the Board to Repurchase Domestic Shares and/or H Shares to be Approved at the Annual General Meeting and the Class Meeting for Shareholders, and Proposal on Convening Annual General Meeting and the Class Meetings for Shareholders.

The Third Meeting of the Fifth Session of the Board was convened by writing resolutions on 18 April 2025, and reviewed and approved the following: Proposal on Approval of 2025 Labor Cost Budget, Proposal on the Clearance of Total Wages of the Company for 2024.

The Fourth Meeting of the Fifth Session of the Board was convened in Beijing, China on 9 May 2025, and reviewed and approved the following: Proposal on Re-election of Members of the Special Committees under the Board of Sinopec Engineering (Group) Co., Ltd., Proposal on Formulating the Market Value Management Measures of Sinopec Engineering (Group) Co., Ltd., and Proposal on Revising the Rules of Procedure of the Nomination Committee of the Board of Directors of Sinopec Engineering (Group) Co., Ltd.

The Fifth Meeting of the Fifth Session of the Board was convened by writing resolutions on 21 May 2025, and reviewed and approved the Proposal on Establishing Sinopec Environmental Technology Co., Ltd.

The Sixth Meeting of the Fifth Session of the Board was convened by writing resolutions on 11 June 2025, and reviewed and approved the following: Proposal on Approval of 2024 Performance Appraisal and 2023-2024 Performance-based Bonus Allocation Program of Executive Staffs.

The Seventh Meeting of the Fifth Session of the Board was convened in Beijing, China on 15 August 2025, and reviewed and approved the following: Report on the Fulfillment of Key Targets for the First Half of 2025 and Work Arrangements for the Second Half of 2025; Proposal on the Audited 2025 Interim Financial Report, Proposal on the 2025 Interim Report and Results Announcement, and Proposal on the 2025 Interim Dividend Distribution Plan.

The Eighth Meeting of the Fifth Session of the Board was convened by writing resolutions on 10 September 2025, and reviewed and approved the Proposal on Approval of Performance Appraisal Responsibility Letter for Company's Executives for 2025 and for 2025-2027 term of Executive Staffs.

The Ninth Meeting of the Fifth Session of the Board was convened by writing resolutions on 5 November 2025, and reviewed and approved the following: Proposal on Amendments to the Articles of Association and its Appendices, the Cancellation of the Supervisory Committee and Reduction of the Registered Capital, and the Proposal on Convening the First Extraordinary General Meeting of 2025.

The 10th Meeting of the Fifth Session of the Board was convened in Beijing, China on 23 December 2025, and reviewed and approved the following: Proposal on Proposed Amendments to the Implementation Rules for the Decision-Making System on Major Issues, Important Personnel Appointments, Major Projects, and Large-scale Expenditures of the Group, Proposal on Proposed Amendments to 10 Policies Including the Terms of References for the Audit Committee of the Board of Directors of Sinopec Engineering (Group) Co., Ltd., Proposal on Approving the Acquisition of the Equity Interests in East China Pipeline Design and Research Institute Co., Ltd.

4 Implementation of Resolutions Approved at Shareholders Meetings by the Board

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

5 Attendance of Board Meetings and General Meetings

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

Name	Board Meetings		Attendance at the annual general meeting for the year 2024 and the 2025 extraordinary general meeting	Trainings
	Attend in person	Attend by proxy		
JIANG Dejun	9	0	2	2
ZHANG Xinming	9	0	2	2
XIANG Wenwu	8	1	2	2
LI Chengfeng	9	0	2	2
YU Renming	9	0	2	2
YE Zheng	9	0	2	2
ZHAO Jinsong	8	1	2	2
ZHANG Xuyan	7	0	1	1
XIE Yanli	9	0	2	2
DUAN Xue	2	0	1	1

6 Meetings held by the Special Committees of the Board

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

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

Name	Number of meetings required to be attended	Number of meetings attended in person	Number of meetings attended by proxy
Audit Committee			
YE Zheng	2	2	0
ZHAO Jinsong	2	1	1
ZHANG Xuyan	1	1	0
DUAN Xue	1	0	1
Remuneration Committee			
ZHAO Jinsong	1	1	0
YE Zheng	1	1	0
ZHANG Xuyan	0	0	0
DUAN Xue	1	0	1
Nomination Committee			
JIANG Dejun	1	1	0
ZHANG Xinming	1	1	0
YE Zheng	1	1	0
ZHAO Jinsong	1	1	0
ZHANG Xuyan	0	0	0
DUAN Xue	1	0	1
ESG Committee			
JIANG Dejun	1	1	0
ZHANG Xinming	1	1	0
YE Zheng	1	1	0
ZHAO Jinsong	1	1	0
XIE Yanli	1	1	0

Details of meetings of each committee are as follows:

The First Meeting of the Audit Committee of the Fifth Session of the Board was convened in Beijing, China on 13 March 2025 and reviewed and approved the following: Independent Auditor's Auditing Opinion on the Company's 2024 Annual Financial Report, Explanation on the Execution of Continuing Connected Transactions for the Year 2024, Explanation on Appointment of Domestic Auditor and International Auditor and Authorisation to the Board to Fix Their Remuneration for the Year 2025, Explanation on the 2024 Annual Report, Explanation on Non-competition for the Year 2024, Explanation on Submitting the Internal Control Manuals (Edition 2025) for Approval, Explanation on Submitting Work Report on Internal Control, Risk Control, and Compliance for the Year 2024 for Approval, Explanation on Work Report on Internal Control and Auditing for the Year 2024 and Explanation on the 2025 Internal Audit Work Plan.

The First Meeting of the ESG Committee of the Fifth Session of the Board was convened in Beijing, China on 14 March 2025, and reviewed and approved 2024 ESG Initiatives and Next Steps.

The First Meeting of the Nomination Committee of the Fifth Session of the Board was convened by written resolution on 14 March 2025, and reviewed and approved the Proposal on the Proposed Appointment of Independent Non-executive Directors for the Fifth Session of the Board.

The First Meeting of the Strategy and Development Committee of the Fifth Session of the Board was held in Beijing, China on 14 March 2025, and reviewed and approved the following: The Company's High-Quality Development Action Plan (2024-2028).

The First Meeting of the Remuneration Committee of the Fifth Session of the Board was convened in Beijing, China on 18 April 2025, and reviewed and approved the following: Proposal on Approval of 2025 Labor Cost Budget and Proposal on the Settlement of Total Salaries of the Company for 2024.

The Second Meeting of the Audit Committee of the Fifth Session of the Board was held in Beijing, China on 14 August 2025, and reviewed and approved the following: Independent Auditor's Auditing Opinion on the Company's 2025 Interim Financial Report, Explanation on Execution of Continuing Connected Transactions for the First Half of 2025, Explanation on the 2025 Interim Report, Explanation on Submitting Work Report on Risk Management, Internal Control and Compliance for the First Half of 2025 for Approval.

7 Results

The financial results of the Group for the year ended 31 December 2025 were prepared in accordance with the IFRS and its financial position as at that date and the corresponding analysis are set out from page 106 to page 184 in this annual report.

8 Dividends

In accordance with the Company Law and other relevant laws and regulations, the Company attaches great importance to the reasonable return on investment to investors and ensures the continuity and stability of the Company's profit distribution policy. The Company's distributable profits in the form of cash each year shall be no less than 30% of the net profits attributable to the Company's shareholders in the year, under the circumstances that there are net profits attributable to the Company's shareholders and accumulated undistributable profits, and that the Company's investment plan and cash expenses can be satisfied. A decision to declare or to pay any dividends in the future, and the amount of any dividends, will depend on, among other things, the Company's operation results, cash flows, financial condition, and operating and capital expenditure needs. And the distributable profits will be determined under PRC Chinese Accounting Standards or IFRS (whichever is lower), and should comply with the Articles of Association, the Company Law and any other applicable PRC law and regulations and other relevant requirements of the regulatory authorities of the place where the Company is listed.

Please refer to section "2 The Dividend Distribution Plan" in chapter "Significant Events" for details of the dividend for 2025.

9 Major Suppliers and Customers

During the Reporting Period, the total purchases of the Group from the top five suppliers of the Group accounted for 6.2% of the total purchases of the Group, of which the purchases from the largest supplier accounted for 2.0% of the total purchases of the Group.

During the Reporting Period, the total sales of the Group to the top five customers accounted for 46.4% of the total sales of the Group, of which sales to the largest customer accounted for 20.4% of the total sales. For details on the Group's relationships with major customers and the risks that the Group's business may face due to such relationships, please see the section headed "Report of the Board – 26 Risk Factors – Risks relating to decreased orders from major clients" in this annual report.

During the Reporting Period, to the best knowledge of the Board, save for Sinopec Group and its associates, the top five suppliers and the top five customers are independent third parties.

10 Bank Loans and Other Borrowings

The Group had RMB953 million borrowings from the fellow subsidiaries as at the end of the Reporting Period, including short-term borrowings of USD68 million and RMB199 million, and a long-term borrowing of RMB274 million.

11 Fixed Assets

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

12 Donations

During the Reporting Period, the amount of charity donations made by the Group amounted to approximately RMB2.0318 million.

13 Pre-emptive Right

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

14 Issuance of Equity Securities or Debentures

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

15 Management Contract

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

16 Equity-Linked Agreements

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

17 Permitted Indemnity Provisions

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

18 Significant Investment

During the Reporting Period, the Company has made no significant investment (including any investment with a value of 5% or more of the Company's total assets as at 31 December 2025).

19 Accounting Standard

The difference between the main accounting policies adopted by the Company for preparation of 2025 audited consolidated financial statement and the main accounting policies for preparation of 2024 audited consolidated financial statement are set out in Note 3.1 to the financial statements.

20 Retirement and Employee Benefit Plan

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

For the disclosures in relation to the employees of the Group, please refer to the section headed "Directors and Other Members of Senior Management and Employees – 7 Employees" in this annual report.

21 Compliance with Laws and Regulations

In 2025, the Group was strictly in compliance with laws and regulations such as the Civil Code of the People's Republic of China, the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Construction Law of the People's Republic of China, the Tendering/Bidding Law of the People's Republic of China and the Safe Production Law of the People's Republic of China and other applicable environmental policies in China; and under the existing system, the Company also continuously increased or amended various systems, established a relatively complete compliance operation mechanism, prevented and avoided the occurrence of major legal risks to the maximum extent, and provided strong compliance guarantee for the Company's operation and development.

22 The Right of Directors to acquire Shares or Debentures

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

23 Interests of Directors in Significant Transactions, Arrangements and Contracts

During the Reporting Period, for details of the interests of Directors and entities connected with Directors in transactions, arrangements and contracts of significance, please refer to the section headed "Directors and Other Members of Senior Management and Employees – 5 Contract Benefits of Directors" in this annual report.

24 Change of Auditors

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

25 Core Competitiveness Analysis

The Group is a market leader in China's energy and chemical engineering sector and has established outstanding competitiveness in the international engineering market.

Leveraging its long operational history and deep industry expertise, the Group possesses capabilities to design and construct large-scale, complex refining, petrochemical, and new coal chemical projects globally (typically involving multiple process units and utility systems). It delivers comprehensive, full-lifecycle, one-stop engineering solutions across the entire industrial chain to clients worldwide.

While adhering to the technical advantages of the petrochemical industry, the Group accelerated the layout of emerging business areas. The Group has signed strategic cooperation agreements with institutions, including Shanghai Institute of Organic Chemistry, CAS, Chinese Research Academy of Environmental Sciences and Guangdong University of Technology, to jointly build a research and development platform, and carried out targeted layout and research and development in related fields.

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

After nearly 20 years of practice, the Group has accumulated rich experience in overseas project implementation and significantly improved the efficiency of global resource allocation and utilization. The Group has established long-term and stable strategic partnership with key customers and international engineering companies, thereby forming a large-scale and sustainable development trend in key overseas regional markets. The Group has made full use of its rich operating experience and acted as a bridge in export credit financing so as to actively promote the contracting of large-scale overseas EPC projects through investment and financing means.

26 Risk Factors

The Group has established an effective risk management mechanism. The Company's Risk Control Committee and the comprehensive risk management leadership teams of our subsidiaries undertake the ultimate responsibility for internal controls within their respective units. Business departments such as marketing, operations, and overseas business serve as the primary entities responsible for risk prevention. Support functions departments including legal, risk, and compliance assist the primary entities in mitigating risks across different business areas. The Supervision and Audit Department independently conducts audit evaluations of the Company's risk and internal control systems.

The Group promptly identifies, analyzes, and evaluates risk factors and risk points in production operations. Integrating risk management with the internal control system and QHSE management system, the Group proposes countermeasures and solutions, and embeds them into key internal controls points.

The Group has formulated and implemented a series of management system documents, including the Comprehensive Risk Management Regulations of Sinopec SEG Group, the Major Operational Risk Control Manual of Sinopec SEG Group, and the Standardized Institutional Framework for Overseas Entities. These provide fine risk control procedures for the Company's business operations and international development.

Global Macroeconomic Conditions Under Pressure

The Group's operating performance is closely tied to economic conditions in China and worldwide. In 2025, the global economy is facing a test of resilience against the backdrop of high debt and protectionism. Economic recovery is weak and the development of the engineering industry has been adversely affected. The Group's operations may also be adversely affected by various factors, including but not limited to the volatility and unpredictability of international geopolitics, fluctuations in international oil prices, uncertainties in demand for petroleum and chemical products, and the negative impact of trade protectionist policies on our overseas oil refining and chemical engineering project investments.

Risks from Market Environment Changes

In 2025, competition in refining and chemical industries in China further intensified. Overcapacity coexists with structural shortages of high-end chemicals, shifting industry logic from scale expansion to differentiated competition centered on cost control, technological advancement, and decarbonization. The vigorous economic growth of Global South nations and the promotion of initiatives like the Global Decarbonization Accelerator are profoundly reshaping the global economic landscape and the development trajectory of the energy sector. This opens new markets for enterprises while presenting new regulatory challenges.

Risks relating to changes in policies

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

Some of the Group's projects and market developments are located in countries and regions where there are local wars, political instability, ineffective government governance or falling into difficulties. These nations often exhibit high levels of public debt and default risk, which resulting policy uncertainty and potential government intervention in investment and will elevate the political risks associated with project investment and construction. In certain countries and regions, governments have occasionally nationalized, seized, confiscated, suspended, or canceled refining and chemical investment projects, providing little or no compensation to project investors. Project participants may suffer significant losses under such circumstance, resulting in comparatively high risks for market development and project execution in these countries, which may impact the Group's international business development. At the same time, the risk of spillover of geopolitical conflicts may also affect the implementation of the Group's engineering services business in certain countries.

At present, the overseas projects undertaken by the Group are mainly in countries and regions such as Saudi Arabia, the United Arab Emirates, Kazakhstan and Algeria. The political situations in the above-mentioned countries and regions are stable, and the risks of project nationalization, seizure and confiscation are extremely low. In addition, the Group is an asset-light company that mainly provides engineering services. It is highly unlikely that the Group will undertake overseas projects in the form of investment or equity participation. Even if it participates in overseas projects involving investment in the future, there will be strict risk assessment. The risks have a limited impact on the Group's international operations.

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

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

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

The Group pays taxes in overseas countries and regions in accordance with local laws and regulations where it operates, changes in value-added tax, income tax, customs tax and other aspects of host countries' tax system, tax rate and collection & management methods will directly affect the economic results of the projects and may reduce the profitability of the project. In the process of overseas business market development, the Group will fully analyze and evaluate the current fiscal, tax and legal systems of the target countries, but it is difficult to predict the possible changes in the tax-related legal policies and collection & management methods during the implementation of the project, and these changes may have a significant adverse impact on the profitability and financial performance of the Company's overseas business.

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

Risks relating to project delay and budget overrun

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

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

(2) Risks relating to sub-contractor management

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

(3) Risk of Frequent Fluctuations in Construction Material Prices

The prices of raw materials used in the Group's domestic and overseas projects frequently fluctuate due to geopolitical factors and macroeconomic changes, directly increasing the difficulty of controlling project procurement costs. Should raw material prices surge, this would heighten the risk of the Group completing projects within budget.

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

The Middle East and Central Asia are the primary target markets of the Group's international business. Currently, we are vigorously developing the regional markets in Southeast Asia. This may directly lead to increase in price of sub-contracting and labour markets. Concurrently, due to the fluctuation in the exchange rate of Renminbi, the overseas labour cost increases, which further increases project execution cost.

(5) Risks relating to project management

The Group faces management risks in areas such as engineering design, contract claims, and risk response throughout the project lifecycle. International engineering projects often exhibit significant differences from domestic projects in design standards, technical specifications, industry practices, and compliance requirements. If the design team lacks sufficient understanding and adaptability to local standards or fails to adequately coordinate solutions, it may increase the difficulty and uncertainty of subsequent procurement, construction, and on-site execution, potentially impacting project progress and cost control. Given that the Group primarily undertakes technically complex EPC projects with numerous interfaces, particularly international projects characterized by stringent contract terms and complex execution environments, the ability to handle claims and counterclaims directly impacts project profitability and operational outcomes. If the project team's expertise and handling capabilities in contract management, change claims, dispute resolution, and counterclaims fail to fully match the project's complexity and localization requirements, improper or untimely responses during execution may adversely affect the project's profitability and overall operational performance.

Risks relating to QHSE

Given the high-risk nature of the petrochemical and engineering sectors, coupled with the triple pressures of project timelines, costs, and resources, the inherent instability risks to safety and quality work remain persistently high. This objectively increases the pressure and complexity of the Company's QHSE management efforts.

Non-standard, non-compliant, incomplete, or inadequately implemented QHSE management foundations, models, or systems within the Group may lead to QHSE incidents. Additionally, the relatively unstable social conditions and significant public safety risks associated with the Company's overseas projects may result in public safety incidents abroad.

Risks relating to exchange rate

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

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

Risks relating to the uncertainty of obtaining new projects

The Group's revenue mainly comes from offering services in refining, petrochemical, new coal chemical and storage & transportation industries. Client demands are affected by periodic variation of traditional resources and overall business levels. Resource supply and price variations will significantly affect our ability to obtain new projects. Overseas business will be affected by multiple factors such as global industry development trends, country-specific political and economic situations, peer competition situations, geopolitical conflicts, and there will be still a great deal of uncertainty in the development and contracting of new overseas projects.

Risks relating to decreased orders from major clients

The industries in which our clients are involved are capital and technology-intensive with high entrance thresholds, with relatively low number of customers. If our major clients choose to switch to a competitor of the Group, or reduce orders because of financial difficulties and other factors, we will face severe business fluctuations or revenue decreases. We endeavour to attract more new clients for both our domestic and international businesses. However, it is likely that the majority of our clients and revenue will continue to come from our current major clients. Therefore, we cannot guarantee stability and growth of our revenue due to potential risks which may result in significant negative impact on our business performance.

Risks relating to changes in investment strategies and tactics

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

Risks relating to new business segments

The Group's technical reserves in new business fields such as hydrogen energy, photovoltaics and wind power are still incomplete, and the experience in project design and construction is still insufficient, and there is a risk that the profitability of relevant projects may be lower than expected.

Risks relating to the new business models

The Group proactively explores new business models such as contract environmental protection management and contract energy management. Through capital contributions, the Group shares with its clients the environmental protection and energy saving benefits achieved. As it involves the corporate operation and project operation of its clients, the Group will face credit risks due to the transfer of project benefits by the clients, the risks brought about by improper corporate operation of the clients or by legal disputes, and the project risks in failure to achieve expected targets in terms of energy saving and environmental protection benefits and failures in timely pay-back of investments.

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

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

27 Corporate Report on Environmental, Social and Governance

For details of the Group' environmental, social and governance practices, please refer to the 2025 environmental, social and governance report published by the Company on 15 March 2026.

By Order of the Board

JIANG Dejun

Chairman of the Board

Beijing, the PRC

13 March 2026

DIRECTORS AND OTHER MEMBERS OF SENIOR MANAGEMENT AND EMPLOYEES





DIRECTORS AND OTHER MEMBERS OF SENIOR MANAGEMENT AND EMPLOYEES

1 Directors and Other Members of Senior Management

(1) Director



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

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



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

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

**Mr. XIANG Wenwu (向文武) – Non-Executive Director**

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

**Mr. LI Chengfeng (李成峰) – Non-Executive Director**

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



Mr. YU Renming (俞仁明) – Non-Executive Director

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



Mr. YE Zheng (葉政) – Lead Independent Non-Executive Director

Mr. YE Zheng (葉政), is the Lead Independent Non-Executive Director of SINOPEC SEG. Mr. YE worked in Shanghai Municipal Finance Bureau (上海市財政局) from October 1982 to January 1989. Mr. YE has over 30 years of experience in audit, internal control and consultancy. He served as an auditor in Ernst & Young (安永會計師事務所) from October 1995 to April 2000; served as an audit manager in KPMG (畢馬威會計師事務所) from May 2000 to December 2001; served as a senior audit manager in Grant Thornton (香港均富會計師事務所) from January 2002 to July 2005; served as a director in Ernst & Young from August 2005 to October 2006, and served as a practicing director of Mazars CPA Limited from November 2006 to April 2021. Mr. YE obtained a bachelor's degree in accounting and finance in May 1993, and a master's degree in business administration in December 1994, both from California State University, Long Beach. Mr. YE became a member of the American Institute of Certified Public Accountants in September 1998 and a member of the Hong Kong Institute of Certified Public Accountants in May 2003. He has been a director of Ace Sustainability & Risk Advisors Limited since April 2021, an Independent Non-executive Director as well as the Lead Independent Non-executive Director of SINOPEC SEG since April 2013 and December 2025 respectively, and an independent non-executive director of Hainan Meilan International Airport Company Limited (海南美蘭國際空港股份有限公司) (Stock Code: 357) since October 2021, an independent Director of COSCO SHIPPING Specialized Carriers Co., Ltd. (中遠海運特種運輸股份有限公司) (Stock Code: 600428.SH) since September 2025, and an independent Non-Executive Director of SINOPEC Kantons Holdings Limited (中石化冠德控股有限公司) (Stock Code: 934) since September 2025. Mr. YE was a consulting expert for the third session of the committee for enterprise internal control standards appointed by the Ministry of Finance of the People's Republic of China from 1 November 2014 to 31 October 2016.

**Mr. ZHAO Jinsong (趙勁松) – Independent Non-Executive Director**

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

**Ms. ZHANG Xuyan (章旭彥) - Independent Non-Executive Director**

Ms. ZHANG Xuyan serves as an Independent Non-Executive Director of SINOPEC SEG and is also the general manager of Hangzhou Xinruizhiye Co., Ltd. Ms. ZHANG holds a master's degree and is a renowned expert in China's project management and corporate management fields, serving as a lead instructor for project management at the State-owned Assets Supervision and Administration Commission of the State Council. From June 1998 to February 2002, Ms. Zhang served as Principal of Hangzhou North Swan Training School. She has been the General Manager of Hangzhou Xinruizhiye Co., Ltd. since 2002. Ms. ZHANG has been an Independent Non-Executive Director of SINOPEC SEG in May 2025.



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

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

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

Name	Gender	Age	Position in the Company	Term of Office as Director
JIANG Dejun	Male	60	Chairman of the Board	November 2024 – November 2027
ZHANG Xinming	Male	59	Executive Director and President	November 2024 – November 2027
XIANG Wenwu	Male	59	Non-Executive Director	November 2024 – November 2027
LI Chengfeng	Male	61	Non-Executive Director	November 2024 – November 2027
YU Renming	Male	62	Non-Executive Director	November 2024 – November 2027
YE Zheng	Male	61	Lead Independent Non-Executive Director	November 2024 – November 2027
ZHAO Jinsong	Male	57	Independent Non-Executive Director	November 2024 – November 2027
ZHANG Xuyan	Female	62	Independent Non-Executive Director	May 2025 – November 2027
XIE Yanli	Female	49	Employee Representative Director	November 2024 – November 2027

Ms. ZHANG Xuyan was appointed as an Independent Non-executive Director of the Company's Fifth Board of Directors on 9 May 2025. She has confirmed her understanding of the responsibilities of an independent non-executive director of a listed company and obtained the legal opinion required under Rule 3.09D of the Hong Kong Listing Rules on 9 May 2025.

The Resignation of Directors during and after the Reporting Period

Name	Gender	Age	Position in the Company	Term of Office as Director
DUAN Xue	Male	69	Independent Non-Executive Director	November 2024 – May 2025

(2) Other Senior Management

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



Mr. WANG Guohua (王國華) – Vice President

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



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

Mr. YIN Fengbing (尹鳳兵), is the Chief Financial Officer, Secretary to the Board and Company Secretary of SINOPEC SEG, and the chief accountant of Sinopec Engineering Incorporation. Mr. YIN is a senior accountant with a university diploma. Mr. YIN has consecutively held several positions in Sinopec Yizheng Chemical Fiber Co., Ltd. (中國石化儀徵化纖股份有限公司), and the financial planning department and the finance department of Sinopec Group from July 1992 to August 2020. Mr. YIN served as the Chief Accountant of Sinopec Chemical Commercial Holding Company Limited North China Branch (中國石化化工銷售有限公司華北分公司) from August 2020 to October 2023; he has been the Chief Financial Officer of SINOPEC SEG since October 2023, and the Secretary to the Board and Company Secretary of SINOPEC SEG since November 2023. He has been concurrently serving as the chief accountant of Sinopec Engineering Incorporation since October 2025.

**Mr. FENG Di (馮迪) – Vice President**

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

**Mr. SUN Baoping (孫寶平) – Vice President**

Mr. SUN Baoping (孫寶平), is the Vice President of SINOPEC SEG. Mr. SUN is a principal senior economist with a master's degree. Mr. SUN has consecutively held several positions in Beijing Petrochemical Engineering Co., Ltd. and Sinopec Engineering Incorporation from August 1997 to December 2022. Mr. SUN has been the Vice President of SINOPEC SEG since January 2023.

**Mr. BU Fanyong (卜凡勇) – Secretary of the Discipline Inspection Commission and Chairman of the Trade Union**

Mr. BU Fanyong (卜凡勇), is the Secretary of the Discipline Inspection Commission and Chairman of the Trade Union of SINOPEC SEG. Mr. BU is a senior economist with a master's degree in engineering. From July 1996 to April 2024, Mr. BU held several positions consecutively in Sinopec Shengli Petroleum Administration Bureau (中國石化勝利石油管理局) and the Discipline Inspection and Supervision Group of Sinopec Group. Mr. BU has been the Secretary of the Discipline Inspection Commission of SINOPEC SEG since April 2024, and the Chairman of the Supervisory Committee of SINOPEC SEG from May 2024 to December 2025; he has been the Chairman of the Trade Union of SINOPEC SEG since June 2024.

Profile of the other members of senior management during the Reporting Period

Name	Gender	Age	Position in the Company	Date of Taking Office
ZHANG Xinming	Male	59	Executive Director and President	April 2023
WANG Guohua	Male	56	Vice President	April 2019
YIN Fengbing	Male	55	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	51	Vice President	January 2023
BU Fanyong	Male	49	Secretary of the Discipline Inspection Commission Chairman of the Trade Union	April 2024 June 2024

At the First Extraordinary General Meeting of the Company in 2025 held on 23 December 2025, the Resolution in relation to the amendments to the Articles of Association, Rules of Procedure for the General Meetings, Rules of Procedure for the Board Meetings, the cancellation of the supervisory committee and the reduction of the registered capital was considered and approved. The Company did not have the supervisory committee since 23 December 2025, and the Rules of Procedure for the Supervisory Committee of SINOPEC Engineering (Group) Co., Ltd. was abolished accordingly. The functions and powers of the supervisory committee of the Company were assumed by the audit committee under the Board pursuant to the regulations, and the positions of supervisors of the Company were automatically terminated from 23 December 2025.

2 Relationship among Directors and Other Members of the Senior Management

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

3 Equity Interests of Directors and Senior Management of the Company

For details regarding the equity interests held by directors and senior management of the Company during the Reporting Period, please refer to the section titled "Corporate Governance – 2. Equity Interests of Directors and Senior Management Members" in this annual report.

4 Positions Held by the Directors in Shareholders and Their Competition Interests

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

5 Contract Benefits of Directors

As at 31 December 2025 or any time during the Reporting Period, there is no transaction, arrangement or contract of significance to which the Company, a parent company of the Company, a subsidiary of the Company or a subsidiary of the Company's parent company is a party, and in which the Directors or any entity connected with any of the Directors 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 the election of Directors by the shareholders or from the date of appointment as Directors through democratic election by the employees, to the expiry of the term of the Fifth Session of the Board. The service agreements can be renewed in accordance with the Articles of Association and applicable laws and regulations. There is no service contract signed between the Directors and the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

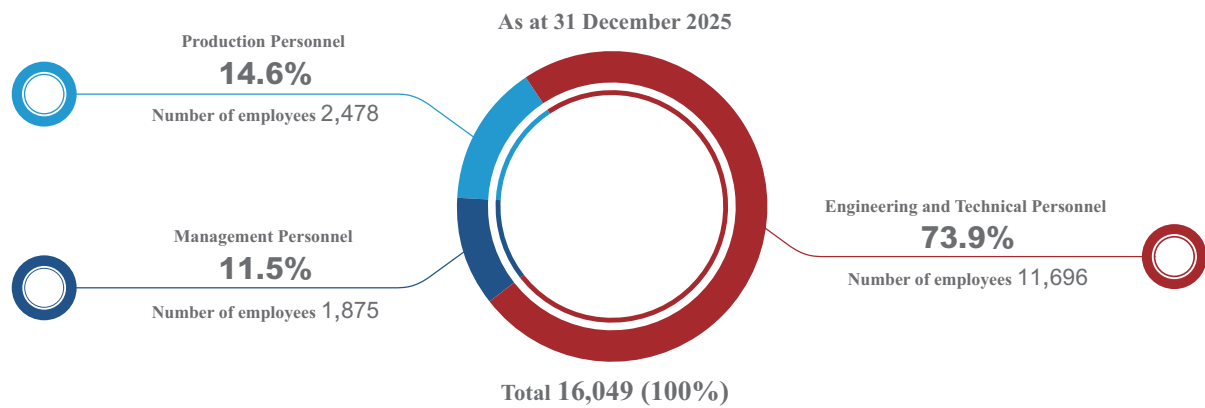
6 Remuneration of Directors, Supervisors and other Senior Management Members

During the Reporting Period, the total number of Directors, Supervisors and other senior management members paid by the Company was 23, and the annual total remuneration paid was RMB20 million. For details of the remuneration of Directors, Supervisors and the five highest paid individuals for the year ended 31 December 2025, please see notes 15 and 42(b) to the financial statements in this annual report.

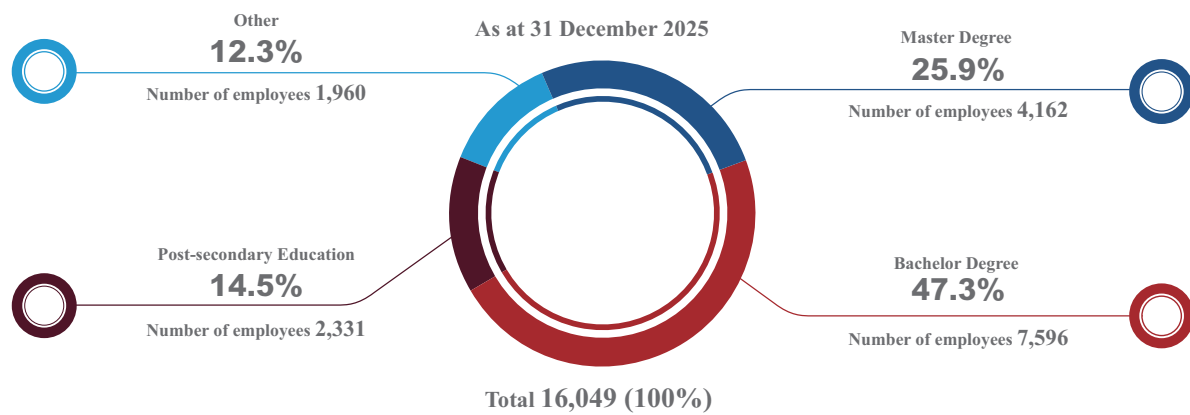
7 Employees

As at 31 December 2025, there were a total of 16,049 employees in the Group.

The following table sets out the information of employees classified by business sectors as at 31 December 2025.



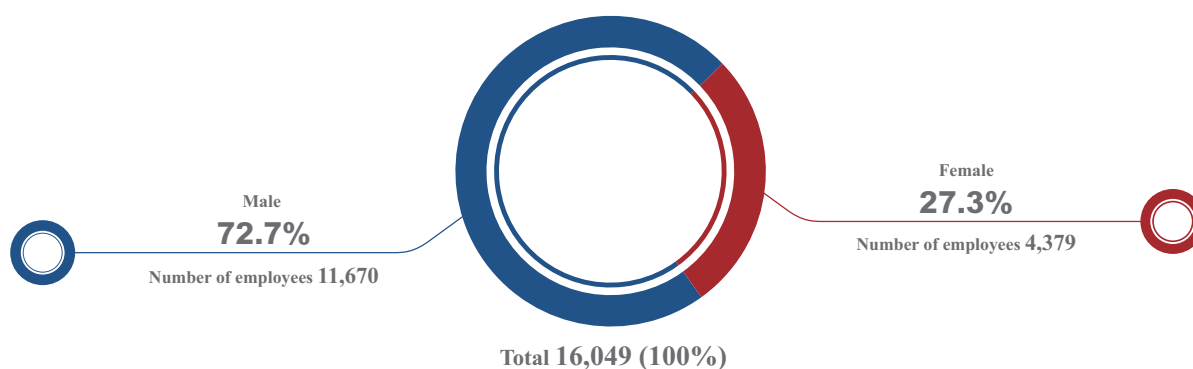
The following table sets out the information of employees classified based on education background as at 31 December 2025.



8 Gender Diversity of Employees

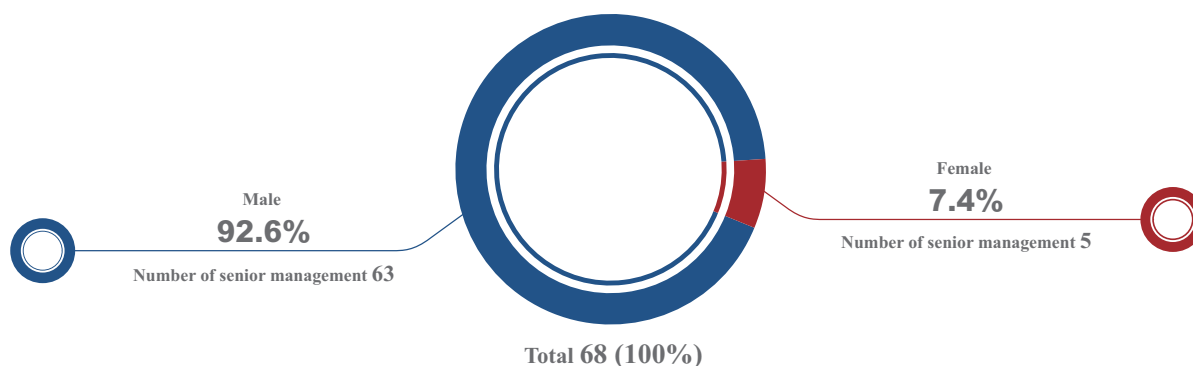
The table below sets out the gender ratio of all employees (including senior management) of the Group as at 31 December 2025.

As at 31 December 2025



The table below sets out the gender ratio of the senior management of the Group (including the Board and senior management members of the Company)* as at 31 December 2025.

As at 31 December 2025



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

* Changes in statistical methodology

9 Employee Remuneration

During the Reporting Period, we maintained good labour relationships. The remuneration of our employees mainly consists of salary, discretionary bonuses and contributions to the compulsory social security funds. In accordance with the laws and regulations of the PRC, the Group participates in different retirement pension related programmes for our employees, including the programmes organised by the provincial and municipal governments of the PRC and other complementary retirement pension related plans. Bonuses are usually determined in accordance with the overall performance of the Group's business. For the year ended 31 December 2025, the staff cost of the Group was approximately RMB7.796 billion.

10 Employee Training Programmes

The Group is dedicated to supporting its employees in achieving better career development by enhancing their professional capabilities. To this end, we actively provide comprehensive and diverse vocational training opportunities.

During the Reporting Period,, the Group organized 25 key specialized training sessions, with a total of 55,000 participants attending training programs conducted both internally and externally. These programs covered management and administration personnel, engineering and technical staff, and production operators. For more details on employee training, please refer to the Company's Environmental, Social and Governance Report published on 15 March 2026.

FINANCIAL STATEMENTS





INDEPENDENT AUDITOR'S REPORT

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

(中石化炼化工程(集團)股份有限公司)

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

OPINION

We have audited the consolidated financial statements of SINOPEC Engineering (Group) Co., Ltd. (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 106 to 184, which comprise the consolidated statement of financial position as at 31 December 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 year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IFRS Accounting Standard**”) 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 Company in accordance with the Hong Kong Institute of Certified Public Accountants’ “Code of Ethics for Professional Accountants” (the “**Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 year. 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 RMB70,074,081,000 for the year ended 31 December 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;
- reviewing key contract terms in material construction contracts and verify the total contract revenues;
- checking, on a sample basis, the principal terms set out in the relevant construction contracts and the implementation status and testing on the accuracy of the calculation of the extent of progress toward completion and revenue and costs recognised during the year;
- testing, on a sample basis, the amount and timing of the construction contract cost recognised and performing cut-off testing procedures to check that cost had been recognised in the appropriate account period; and
- performing analytical review procedures on the gross margins of material construction contracts of the Group.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (Continued)

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

(Refer to notes 3.8(c), 5(c), 21 and 23(a) to the consolidated financial statements)

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

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

Our responses:

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

- reviewing and assessing the application of the Group's policy for calculating the ECL;
- evaluating techniques and methodology in the ECL model against the requirements of IFRS 9;
- assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgments, including testing the accuracy of the historical default data, evaluating whether the expected credit loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances;
- evaluating the design, implementation and operating effectiveness of key internal controls which govern credit control, debt collection and estimation of ECL; and
- discussing with management the estimates of the recoverable amounts for those material trade receivables balances which are past due over 180 days, including customers' payment history and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

OTHER INFORMATION

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

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

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

INDEPENDENT AUDITOR'S REPORT

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

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

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

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

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, 13 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025	2024
		RMB' 000	RMB' 000
Revenue	6	70,074,081	64,198,210
Cost of sales		(64,896,755)	(58,861,710)
Gross profit		5,177,326	5,336,500
Other income – net	8	107,688	248,215
Selling and marketing expenses		(176,368)	(177,818)
Administrative expenses		(1,496,946)	(1,343,756)
Research and development costs		(2,413,895)	(2,515,106)
Other operating income		5,264	13,609
Other gains – net	9	76,046	153,569
Operating profit		1,279,115	1,715,213
Finance income	10	1,049,466	1,199,790
Finance expenses	10	(68,474)	(68,008)
Finance income – net		980,992	1,131,782
Share of (loss)/profit of joint ventures	20	(17,940)	60
Share of profit of associates		–	4,858
Profit before taxation	11	2,242,167	2,851,913
Income tax expense	12	(435,473)	(378,187)
Profit for the year		1,806,694	2,473,726

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025	2024
		RMB' 000	RMB' 000
Other comprehensive income for the year, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(28,504)	14,343
Others		–	(85)
Item that will not be reclassified subsequently to profit or loss:			
Gain/(loss) on revaluation of retirement benefit plans obligations, net of income tax effect		100,559	(72,681)
Fair value (loss)/gain on equity instruments measured at fair value through other comprehensive income		(2,852)	642
Share of associates' other comprehensive expense		–	(66)
Other comprehensive income/(expense) for the year, net of tax		69,203	(57,847)
Total comprehensive income for the year		1,875,897	2,415,879
Profit attributable to:			
Equity holders of the Company		1,797,681	2,465,727
Non-controlling interests		9,013	7,999
Profit for the year		1,806,694	2,473,726
Total comprehensive income attributable to:			
Equity holders of the Company		1,866,884	2,407,880
Non-controlling interests		9,013	7,999
Total comprehensive income for the year		1,875,897	2,415,879
		RMB	RMB
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)			
– Basic and diluted	13	0.41	0.56

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025	2024
		RMB' 000	RMB' 000
ASSETS			
Non-current assets			
Property, plant and equipment	17	4,472,581	4,557,288
Right-of-use assets	18	2,176,854	2,327,048
Intangible assets	19	216,728	182,553
Investment in joint ventures	20	5,711	23,651
Financial assets at fair value through other comprehensive income ("FVTOCI")	25	253,113	254,123
Deferred income tax assets	38	684,649	702,938
Total non-current assets		7,809,636	8,047,601
Current assets			
Inventories	24	383,312	536,915
Notes and trade receivables	21	8,122,969	8,419,134
Prepayments and other receivables	22	13,124,227	10,966,998
Contract assets	23(a)	11,767,315	11,409,353
Loans due from the ultimate holding company	26	20,523,195	20,500,000
Restricted cash	27	523,778	230,148
Time deposits	28	13,264,563	9,963,265
Cash and cash equivalents	29	15,698,857	11,439,925
Total current assets		83,408,216	73,465,738
Total assets		91,217,852	81,513,339
EQUITY			
Share capital	30	4,394,024	4,397,881
Reserves		27,347,975	27,114,182
Equity attributable to equity holders of the Company		31,741,999	31,512,063
Non-controlling interests		72,442	69,422
Total equity		31,814,441	31,581,485

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	2025	2024
		RMB' 000	RMB' 000
LIABILITIES			
Non-current liabilities			
Lease liabilities	32	128,908	252,336
Loans due to fellow subsidiaries	37	274,388	40,813
Retirement and other supplemental benefit obligations	33	1,541,295	1,782,034
Deferred income tax liabilities	38	1,996	2,627
Total non-current liabilities		1,946,587	2,077,810
Current liabilities			
Notes and trade payables	35	22,443,637	22,029,975
Other payables	36	2,676,823	2,866,292
Loans due to fellow subsidiaries	37	678,262	109,264
Contract liabilities	23(b)	31,086,080	22,221,119
Lease liabilities	32	183,831	169,920
Current income tax liabilities		388,191	457,474
Total current liabilities		57,456,824	47,854,044
Total liabilities		59,403,411	49,931,854
Total equity and liabilities		91,217,852	81,513,339
Net current assets		25,951,392	25,611,694
Total assets less current liabilities		33,761,028	33,659,295

On behalf of the directors

JIANG Dejun
Chairman of the Board

ZHANG Xinming
Executive Director, President

YIN Fengbing
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Capital reserve	Statutory surplus reserve	Specific reserve	Exchange translation reserve	Merger reserve	Retained earnings	Total		
	RMB' 000 (Note 30)	RMB' 000 (Note 31 (v))	RMB' 000 (Note 31 (iv))	RMB' 000 (Note 31 (vi))	RMB' 000 (Note 31 (vii))	RMB' 000 (Note 31 (viii))	RMB' 000	RMB' 000	RMB' 000	RMB' 000
At 1 January 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 year	–	–	–	–	–	–	1,797,681	1,797,681	9,013	1,806,694
Other comprehensive income:										
Defined benefits obligation revaluation of actuarial gain and loss – gross	–	–	–	–	–	–	118,877	118,877	–	118,877
Defined benefits obligation revaluation of actuarial gain and loss – tax	–	–	–	–	–	–	(18,318)	(18,318)	–	(18,318)
Exchange differences arising on translation of foreign operations	–	–	–	–	(28,504)	–	–	(28,504)	–	(28,504)
Loss on equity instruments measured at fair value through other comprehensive income	–	–	–	–	–	–	(2,852)	(2,852)	–	(2,852)
Total comprehensive income	–	–	–	–	(28,504)	–	1,895,388	1,866,884	9,013	1,875,897
Transactions with owners:										
Final dividends for 2024 (Note 14)	–	–	–	–	–	–	(1,617,029)	(1,617,029)	(6,038)	(1,623,067)
Appropriation of specific reserve	–	–	–	293,814	–	–	(293,814)	–	71	71
Utilisation of specific reserve	–	–	–	(282,318)	–	–	282,318	–	(26)	(26)
Appropriation of statutory surplus reserve	–	–	178,035	–	–	–	(178,035)	–	–	–
Repurchase of shares (Note 30)	(3,857)	(16,062)	–	–	–	–	–	(19,919)	–	(19,919)
Total transactions with owners	(3,857)	(16,062)	178,035	11,496	–	–	(1,806,560)	(1,636,948)	(5,993)	(1,642,941)
At 31 December 2025	4,394,024	9,982,367	2,165,982	215,757	(12,212)	(22,100)	15,018,181	31,741,999	72,442	31,814,441

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025	2024
		RMB' 000	RMB' 000
Cash flows from operating activities			
Cash generated from/(used in) operations	40	8,395,544	(2,470,054)
Income tax paid		(1,026,015)	(379,713)
Interest received		816,817	638,853
Net cash generated from/(used in) operating activities		8,186,346	(2,210,914)
Cash flows from investing activities			
Purchase of property, plant and equipment		(284,213)	(305,233)
Purchase of intangible assets		(78,897)	(48,494)
Interest received on the loans to the ultimate holding company		494,484	596,922
Proceeds from disposal of property, plant and equipment		18,900	90,144
Proceeds from disposal of associate		–	131,215
Joint ventures capital contribution		–	(19,565)
Dividends received from associates		–	31,640
Dividends received from financial assets at FVTOCI		4,046	–
Release of time deposits		9,363,265	8,201,694
Placement of time deposits		(12,664,563)	(6,150,421)
Loans to ultimate holding company		(20,523,195)	(20,500,000)
Loans repaid by ultimate holding company		20,500,000	20,500,000
Net cash (used in)/generated from investing activities		(3,170,173)	2,527,902
Cash flows from financing activities	43		
Repayment of borrowings from fellow subsidiaries		(171,789)	(84,038)
Drawdown of borrowings from fellow subsidiaries		979,020	130,449
Capital contributions from non-controlling interests		–	2,700
Interest paid		(7,709)	(7,148)
Dividends paid		(1,577,741)	(1,596,309)
Payments of lease liabilities		(202,166)	(62,109)
Payment on repurchase of shares purpose		(27,685)	(81,841)
Net cash used in financing activities		(1,008,070)	(1,698,296)
Net increase/(decrease) in cash and cash equivalents		4,008,103	(1,381,308)
Cash and cash equivalents at beginning of year		11,439,925	12,913,308
Net exchange gains/(losses) on cash and cash equivalents		250,829	(92,075)
Cash and cash equivalents at end of year	29	15,698,857	11,439,925

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

1. General Information

1.1 Principal activities

SINOPEC Engineering (Group) Co., Ltd. (中石化炼化工程(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 (中國石化集團炼化工程有限公司) in the People's Republic of China (the “**PRC**”) on 24 July 2007 under the Company Law of the PRC. The address of the Company's registered office is 6 to 9th floor, No. 1 building, A67, Ande Road, Xicheng District, Beijing, PRC.

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

Pursuant to a reorganisation of engineering, consulting and licensing, EPC contracting, construction and equipment manufacturing in respect of oil refining, petrochemical engineering, storage and transportation of Sinopec Group in preparation for the primary listing (the “**Listing**”) of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) (the “**Reorganisation**”), Sinopec Group transferred the equity interests of its refining and engineering entities to the Company and the Company became the holding company of the subsidiaries now comprising the Group. Subsequent to the above reorganisation transactions which were completed in April 2012, the Company was transformed into a joint stock company with limited liability and renamed as SINOPEC Engineering (Group) Co., Ltd. (中石化炼化工程(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 thousands of Renminbi (“**RMB' 000**”), unless otherwise stated.

The consolidated financial statements have been approved for issue by the Board of Directors on 13 March 2026.

2. Basis of Preparation

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

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

The preparation of consolidated financial statements in 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

3. Material Accounting Policy Information

3.1 New standards, interpretations and amendments adopted from 1 January 2025

The following amendments are effective for the annual period beginning on 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 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.

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

- Amendments to the Classification and Measurement of Financial Instrument (Amendments to IFRS 9 and IFRS 7)
- 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 (Annual improvements to IFRS Accounting Standards – Volume 11)

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

- IFRS 18 Presentation and Disclosure in Financial Statements

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 Statement

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 accordance with IFRS 18.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

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.

Intra-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 (their “**functional currency**”). The consolidated financial statements are presented in Renminbi (“**RMB**”), which is the Company’s functional currency.

Transactions and balances

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

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

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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

3. Material Accounting Policy Information (Continued)

3.5 Property, plant and equipment

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

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

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

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

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

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

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

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

3.6 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 appropriate, at each reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

3. Material Accounting Policy Information (Continued)

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

3.8 Financial instruments

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

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

(a) Classification and measurement of financial assets

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

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

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

- (i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

3. Material Accounting Policy Information (Continued)

3.8 Financial instruments (Continued)

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

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

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

Financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

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

Financial assets at FVTOCI

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

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 – net" 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

3. Material Accounting Policy Information (Continued)

3.8 Financial instruments (Continued)

(c) Impairment of financial assets

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

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

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

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

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

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

Measurement of ECL

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

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

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

3. Material Accounting Policy Information (Continued)

3.8 Financial instruments (Continued)

(c) Impairment of financial assets (Continued)

Measurement of ECL (Continued)

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

3. Material Accounting Policy Information (Continued)

3.8 Financial instruments (Continued)

(c) Impairment of financial assets (Continued)

Write-off

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

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

(d) Classification and measurement of financial liabilities

The Group's financial liabilities include notes and trade payables, other payables, dividends payable, loans due to a fellow subsidiaries 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

3. Material Accounting Policy Information (Continued)

3.10 Payables

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

3.11 Employee benefits

Pension obligations

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

The Group also provides supplementary pension subsidies to certain employees in the PRC. Such supplementary pension subsidies are considered to be defined benefit plans as the Group is obligated to provide post-employment benefits to these employees. The liability recognised in the consolidated statement of financial position in respect of these defined benefit plans is the present value of the defined benefit obligation at the end of the Reporting Period, together with adjustments for unrecognised actuarial gains or losses and 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

3. Material Accounting Policy Information (Continued)

3.12 Taxation

Current and deferred income tax

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

3. Material Accounting Policy Information (Continued)

3.13 Provisions

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

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

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

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

3.14 Contract assets and contract liabilities

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

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

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

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

3.15 Revenue recognition

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

Revenue from construction and service contracts

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

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

Services rendered

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

3. Material Accounting Policy Information (Continued)

3.15 Revenue recognition (Continued)

Sales of products

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

Dividend income

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

Interest income

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

3.16 Leases

(a) The Group as a lessor

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

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

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

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

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

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

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:

	2025	2024
	RMB' 000	RMB' 000
Financial assets		
<i>Financial assets at amortised cost</i>		
Notes, trade and other receivables	11,123,970	10,127,018
Restricted cash	523,778	230,148
Time deposits	13,264,563	9,963,265
Cash and cash equivalents	15,698,857	11,439,925
Loans due from the ultimate holding company	20,523,195	20,500,000
	61,134,363	52,260,356
<i>Financial assets at FVTOCI</i>		
FVTOCI investment	253,113	254,123
Financial liabilities		
<i>Financial liabilities measured at amortised cost</i>		
Notes, trade and other payables	24,706,601	24,300,636
Loans due to fellow subsidiaries	952,650	150,077
	25,659,251	24,450,713
<i>Other financial instruments</i>		
Lease liabilities	312,739	422,256

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. Financial and Capital Risks Management (Continued)

4.1 Financial risk management (Continued)

(a) Market risk

Foreign exchange risk

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

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

The Group is exposed to currency risk primarily through transactions that are denominated in a foreign currency. The currency that gives rise to this risk is primarily in USD as at 31 December 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 31 December 2025	USD	Others
	RMB' 000	RMB' 000
Restricted cash, time deposits and cash and cash equivalents	6,026,742	5,749,153
Notes, trade and other receivables	608,276	2,251,506
Notes, trade and other payables	(536,797)	(4,693,036)
Loans due to fellow subsidiaries	(477,958)	—
Lease liabilities	(1,199)	(42,958)
Net exposure in RMB	5,619,064	3,264,665

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 fellow subsidiaries	(109,264)	—
Lease liabilities	(596)	(56,243)
Net exposure in RMB	3,026,306	1,348,570

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. Financial and Capital Risks Management (Continued)

4.1 Financial risk management (Continued)

(a) Market risk (Continued)

Foreign exchange risk (Continued)

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

	2025	2024
	RMB' 000	RMB' 000
Decrease in equity and net profit		
– USD	(210,715)	(113,486)

A 5% weakening of RMB as at 31 December 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.

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 due from the ultimate holding company, time deposits and loans due to fellow subsidiaries 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 unlisted equity shares.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. Financial and Capital Risks Management (Continued)

4.1 Financial risk management (Continued)

(b) Credit risk (Continued)

Impairment assessment under ECL model

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

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

Trade receivables and contract assets

As set out in Note 3.8, 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 as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. At each reporting date, the historical default rates are updated and changes in the forward-looking estimates are analysed.

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

Other receivables

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

Restricted cash, time deposits and cash and cash equivalents

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

Loans due from the ultimate holding company

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

4. Financial and Capital Risks Management (Continued)

4.1 Financial risk management (Continued)

(c) Liquidity risk

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

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

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

	Weighted average effective interest rate	Within 1 year or on demand	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 2025							
Notes, trade and other payables	N/A	24,706,601	–	–	–	24,706,601	24,706,601
Loans due to fellow subsidiaries – current	3.87%	704,093	–	–	–	704,093	678,262
Lease liabilities	4.75%	189,112	46,424	68,956	30,686	335,178	312,739
Loans due to fellow subsidiaries – non-current	2.42%	–	11,636	275,527	–	287,163	274,388
Total other liabilities		25,599,806	58,060	344,483	30,686	26,033,035	25,971,990
At 31 December 2024							
Notes, trade and other payables	N/A	24,300,636	–	–	–	24,300,636	24,300,636
Loans due to fellow subsidiaries – 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
Loans due to fellow subsidiaries – non-current	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

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, loans 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.

	2025	2024
	RMB' 000	RMB' 000
Total other liabilities	25,971,990	24,872,969
Less: Restricted cash, time deposits and cash and cash equivalents	(29,487,198)	(21,633,338)
Net debt	(3,515,208)	3,239,631
Total equity (excluding non-controlling interests)	31,741,999	31,512,063
Total capital	28,226,791	34,751,694
Gearing ratio	N/A	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 financial assets measured at fair value as at 31 December 2025 and 2024 in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

	Level 3
	RMB' 000
At 31 December 2025	
Financial assets at fair value through other comprehensive income	
– Unlisted equity securities, at fair value	253,113
At 31 December 2024	
Financial assets at fair value through other comprehensive income	
– Unlisted equity securities, at fair value	254,123

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

5. Critical Accounting Estimates and Judgments

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

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

(a) Construction contracts

Revenue from individual contracts is recognised according to progress of the project. The determination of the progress of the construction service involves judgments. According to the nature of contract, the Group recognises revenue by reference to the stage of completion of the contract activity at the end of the Reporting Period as measured by the proportion that the actual costs incurred relative to the estimated total costs for satisfaction of the construction services. In addition, when determining the transaction price, the Group consider factors such as whether there is any financing component. The Group considers whether the payment schedule is commensurate with the Group's performance and whether the delayed payment is for finance purpose. The Group does not consider the arrangement with customers have significant financing component. The Group has, therefore, recognised revenue on progress confirmation over the period during which the services are rendered and transferred to customers. As at 31 December 2025 the contract assets (Note 23(a)) and contract liabilities (Note 23(b)) are RMB11,767,315,000 (2024: RMB11,409,353,000) and RMB31,086,080,000 (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 17). This estimate is based on projected wear and tear incurred during the useful life of property, plant and equipment. This could change significantly as a result of technical renovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives or residual values vary with previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. As at 31 December 2025, the net carrying amount of property, plant and equipment is RMB4,472,581,000 (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 21) and contract assets (Note 23(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 31 December 2025, the provision for impairment on trade receivables and contract assets are RMB2,273,361,000 (2024: RMB2,309,309,000) and RMB553,608,000 (2024: RMB548,208,000) respectively.

(d) Deferred income taxes

The estimates of deferred income tax assets (Note 38) require estimates over future taxable profit and corresponding applicable income tax rates of respective years. The change in future income tax rates and timing would affect income tax expense or benefit, as well as deferred income tax balance. The realisation of deferred income tax assets also depends on the realisation of sufficient profitability (taxable profit) of the Group. Deviation of future profitability from the estimate could result in material adjustments to the carrying amount of deferred income tax assets. Deferred income 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 income tax assets and taxation in the years in which such estimates are changed. As at 31 December 2025, deferred income tax assets recognised in the consolidated statement of financial position is RMB684,649,000 (2024: RMB702,938,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

5. Critical Accounting Estimates and Judgments (Continued)

(e) Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for provisions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of corporate securities which have maturity approximating to the terms of the related pension liability. Other key assumptions for pension obligations are based on current market conditions. As at 31 December 2025, the net liabilities of retirement benefit plan obligations (Note 33(b)) is RMB1,541,295,000 (2024: RMB1,782,034,000).

(f) Financial assets at FVTOCI

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 31 December 2025 is RMB253,113,000 (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:

	2025	2024
	RMB' 000	RMB' 000
Engineering, consulting and licensing	3,724,805	3,974,028
EPC contracting	46,208,364	37,998,934
Construction	19,722,381	21,847,167
Equipment manufacturing	418,531	378,081
	70,074,081	64,198,210

7. Segment Information

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

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

- Engineering, consulting and licensing – providing design, consulting, research and development, feasibility studies, compliance certification services to oil refining and chemical etc industries;
- EPC contracting – providing integrated engineering, procurement, construction, maintenance and project management services to oil refining and chemical etc industries;
- 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
- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

7. Segment Information (Continued)

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

Segment liabilities comprise operating liabilities.

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

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

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

The segment results for the year ended 31 December 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	3,724,805	46,208,364	19,722,381	418,531	–	–	70,074,081
Inter-segment revenue	225,040	–	4,854,319	315,101	–	(5,394,460)	–
Segment revenue	3,949,845	46,208,364	24,576,700	733,632	–	(5,394,460)	70,074,081
Segment results	194,998	2,059,840	(950,472)	6,979	(32,230)	–	1,279,115
Finance income	–	–	–	–	–	–	1,049,466
Finance expenses	–	–	–	–	–	–	(68,474)
Share of profit/(loss) of joint ventures	321	(8,976)	(9,285)	–	–	–	(17,940)
Profit before taxation							2,242,167
Income tax expense							(435,473)
Profit for the year							1,806,694
Other segment items							
Depreciation	332,440	278,461	430,996	13,191	–	–	1,055,088
Amortisation	29,084	10,570	4,294	–	775	–	44,723
Capital expenditures							
– Property, plant and equipment	132,948	117,262	487,268	1,918	7,287	–	746,683
– Right-of-use assets	72,621	47,580	15,632	–	–	–	135,833
– Intangible assets	59,179	17,654	2,065	–	–	–	78,898
Provision/(Reversal of provision) for ECL on trade and other receivables and contract assets, net	(19,560)	3,610	(14,300)	(4,495)	(12,993)	–	(47,738)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

7. Segment Information (Continued)

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

The segment results for the year ended 31 December 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	13,538,752	44,438,355	19,018,626	753,300	(20,976,104)	56,772,929
Investment in joint ventures	4,407	319	985	–	–	5,711
Unallocated assets						34,439,212
Total assets						91,217,852
Liabilities						
Segment liabilities	7,135,082	58,160,105	15,046,033	464,463	(21,404,268)	59,401,415
Other unallocated liabilities						1,996
Total liabilities						59,403,411

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

7. Segment Information (Continued)

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

7. Segment Information (Continued)

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

The segment results for the year ended 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 joint ventures	4,086	9,295	10,270	–	–	23,651
Unallocated assets						31,396,405
Total assets						81,513,339
Liabilities						
Segment liabilities	17,120,323	35,352,134	17,933,358	424,520	(20,901,108)	49,929,227
Other unallocated liabilities						2,627
Total liabilities						49,931,854

Analysis of information by geographical regions:

The following table lists out the information about geographical regions. The geographical regions of the sales to external customers are based on the locations where the services are rendered or the places where the goods are delivered. The specific non-current assets include property, plant and equipment, right-of-use assets, intangible assets, investment in joint ventures, 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 joint ventures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

7. Segment Information (Continued)

Revenue

	2025	2024
	RMB' 000	RMB' 000
The PRC	51,570,117	53,436,344
Saudi Arabia	9,460,080	6,449,526
Kuwait	1,932,257	6,339
Other countries	7,111,627	4,306,001
	70,074,081	64,198,210

Information about major customers

The customers accounted for more than 10% of the total revenue of the Group and revenue from them for the year ended 31 December 2025 and 2024, the details are as follows:

	2025	2024
	RMB' 000	RMB' 000
Fellow subsidiary and its subsidiaries		
– Customer group A	16,312,628	20,735,302

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

Specified non-current assets

	2025	2024
	RMB' 000	RMB' 000
The PRC	6,058,688	6,440,803
Other countries	813,186	649,737
	6,871,874	7,090,540

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

7. Segment Information (Continued)

Disaggregation of revenue from contracts with customer

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

	Engineering, consulting and licensing	EPC contracting	Construction	Equipment manufacturing	Total
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000

Timing of revenue recognition

For the year ended 31 December 2025					
– At a point in time	–	–	–	418,531	418,531
– Over time	3,724,805	46,208,364	19,722,381	–	69,655,550
Total revenue	3,724,805	46,208,364	19,722,381	418,531	70,074,081

For the year ended 31 December 2024

– At a point in time	–	–	–	378,081	378,081
– Over time	3,974,028	37,998,934	21,847,167	–	63,820,129
Total revenue	3,974,028	37,998,934	21,847,167	378,081	64,198,210

Contract revenue by categories

For the year ended 31 December 2025					
– Oil refining	836,345	7,632,819	3,470,415	1,129	11,940,708
– Petrochemical	1,946,079	28,160,185	14,187,716	401,387	44,695,367
– New coal chemical	355,066	3,674,426	377,189	–	4,406,681
– Storage and transportation and others	587,315	6,740,934	1,687,061	16,015	9,031,325
Total revenue	3,724,805	46,208,364	19,722,381	418,531	70,074,081

For the year ended 31 December 2024

– Oil refining	1,063,249	4,925,264	5,495,348	12,447	11,496,308
– Petrochemical	2,057,831	25,355,657	12,471,509	364,652	40,249,649
– New coal chemical	245,409	733,143	99,367	–	1,077,919
– Storage and transportation and others	607,539	6,984,870	3,780,943	982	11,374,334
Total revenue	3,974,028	37,998,934	21,847,167	378,081	64,198,210

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

8. Other Income – Net

	2025	2024
	RMB' 000	RMB' 000
Operating lease rental income on property, plant and equipment	85,614	66,808
Write back of long outstanding payables	15,758	20,909
Government grants ⁽¹⁾	58,963	93,617
Dividend income from financial assets at FVTOCI	4,046	–
Exchange gain, net	23,051	48,109
Other tax expense	(114,938)	(116,655)
Others	35,194	135,427
	107,688	248,215

Note:

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

9. Other Gains – Net

	2025	2024
	RMB' 000	RMB' 000
Gains on disposal of property, plant and equipment	40,417	28,360
Gains on disposal of land use rights	35,629	65,765
Gains on disposal of investment in an associate	–	41,863
Gains on separation and transfer of "Water/electricity/gas supply and property management"	–	17,581
	76,046	153,569

10. Finance Income And Finance Expenses

	2025	2024
	RMB' 000	RMB' 000
Finance income		
Interest income from the ultimate holding company	465,801	561,423
Interest income from the fellow subsidiaries	116,291	141,837
Bank interest income	467,374	496,530
	1,049,466	1,199,790
Finance expenses		
Interest expenses to fellow subsidiaries	(9,102)	(7,085)
Interest expenses on retirement and other supplementary benefit obligation	(38,789)	(48,356)
Finance charges on lease liabilities	(18,234)	(11,014)
Other interest expense	(2,349)	(1,553)
	(68,474)	(68,008)
	980,992	1,131,782

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

11.Profit Before Taxation

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

	2025	2024
	RMB' 000	RMB' 000
Staff costs, including directors' and supervisors' emoluments (Note 16)	7,795,821	7,371,441
Retirement benefit plan contribution (including in the above mentioned staff costs)	986,822	954,422
Depreciation and amortisation		
– Property, plant and equipment	793,892	860,464
– Right of use assets	261,196	155,337
– Intangible assets	44,723	43,217
	1,099,811	1,059,018
Short term leases expenses	676,936	507,320
Reversal of provision for ECL on trade and other receivables and contract assets, net	(47,738)	(79,984)
Rental income from property, plant and equipment after relevant expenses	(65,941)	(37,099)
Cost of goods sold	26,936,727	23,577,628
Subcontracting costs	23,666,587	22,311,709
Research and development costs	2,413,895	2,515,106
Gain on disposal/write-off of property, plant and equipment, net	(40,417)	(28,360)
Gain on disposal/write-off of land use rights, net	(35,629)	(65,765)
Auditor's remuneration		
– Audit service	4,570	4,570
Exchange gains, net	(23,051)	(48,109)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

12. Income Tax Expense

	2025	2024
	RMB' 000	RMB' 000
Current tax		
PRC enterprise income tax	309,613	294,512
Overseas enterprise income tax	166,272	54,992
Over provision for income tax in prior years	(40,255)	(34,354)
	435,630	315,150
Deferred income tax		
(Reversal)/Origination of temporary differences (note 38)	(157)	63,037
Income tax expense	435,473	378,187

According to the Corporate Income Tax Law of the PRC, the applicable income tax of the years ended 31 December 2025 and 2024 is 25%.

According to the normal statutory PRC corporate income tax and relevant rules, for the years ended 31 December 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:

	2025	2024
	RMB' 000	RMB' 000
Profit before tax	2,242,167	2,851,913
Taxation calculated at the statutory tax rate	560,542	712,978
Income tax effects of:		
Preferential income tax treatments of certain companies	(339,182)	(408,209)
Difference in overseas profits tax rates	(44,518)	(59,445)
Non-deductible expenses	283,632	135,856
Income not subject to tax	(4,046)	(4,919)
Unrecognised tax losses	24,644	37,219
Utilisation of previously unrecognised tax losses	(5,344)	(939)
Over provision for income tax in prior years	(40,255)	(34,354)
Income tax expense	435,473	378,187
Effective income tax rate	19.4%	13.3%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

13. Earnings Per Share

Basic earnings per share for each of the years ended 31 December 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.

	2025	2024
Profit attributable to equity holders of the Company (RMB' 000)	1,797,681	2,465,727
Weighted average number of ordinary shares in issue	4,394,886,458	4,396,109,872
Basic earnings per share (RMB)	0.41	0.56

Diluted earnings per share is equal to basic earnings per share as there was no potential diluted shares outstanding for the Reporting Period.

14. Dividends

Dividends represented dividends declared by the Company during each of the years ended 31 December 2025 and 2024.

	2025	2024
	RMB' 000	RMB' 000
Interim dividends of RMB0.160 per ordinary share (2024: RMB0.150) ⁽¹⁾	703,066	660,772
Special dividends of RMB0.094 per ordinary share (2024: nil) ⁽²⁾	413,038	–
Proposed final dividends of RMB0.104 per ordinary share (2024: RMB0.208) ⁽³⁾	456,978	914,698

- (1) 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 year ended 31 December 2025 of RMB0.160 (2024: RMB0.150) per share totalling RMB703,066,000 (2024: RMB660,772,000).
- (2) Pursuant to the board of Directors' meeting on 13 March 2026, the Directors proposed to declare the special dividends for the year ended 31 December 2025 of RMB0.094 (2024: nil) per share totalling RMB413,038,000 (2024: nil). Such recommendation is to be approved by the shareholders at the Annual General Meeting. Dividends declared after the year end of the Reporting Period are not recognised as a liability at the end of the Reporting Period.
- (3) Pursuant to the board of Directors' meeting on 13 March 2026, the Directors proposed to declare the final dividends for the year ended 31 December 2025 of RMB0.104 (2024: RMB0.208) per share totalling RMB456,978,000 (2024: RMB914,698,000). Such recommendation is to be approved by the shareholders at the Annual General Meeting. Dividends declared after the year end of the Reporting Period are not recognised as a liability at the end of the Reporting Period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

15. Directors' and Supervisors' Emoluments and Five Highest Individuals' Emoluments

(a) Directors' and supervisors' emoluments

Details of directors and supervisors of the Company are as follows:

(i) For the year ended 31 December 2025

	Fee	Basic salaries, other allowances and benefits-in-kind	Discretionary bonus	Contributions to pension plans	Total
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
Executive directors					
JIANG Dejun	–	422	868	140	1,430
ZHANG Xinming	–	402	877	140	1,419
XIE Yanli	–	312	632	129	1,073
	–	1,136	2,377	409	3,922
Non-executive directors					
LI Chengfeng	–	60	–	–	60
YU Renming	–	60	–	–	60
XIANG Wenwu ⁽¹⁾	–	–	–	–	–
	–	120	–	–	120
Independent non-executive directors					
ZHANG Xuyan ⁽⁷⁾	133	–	–	–	133
YE Zheng	200	–	–	–	200
DUAN Xue ⁽⁸⁾	67	–	–	–	67
ZHAO Jinsong	200	–	–	–	200
	600	–	–	–	600
Supervisors					
YI Hao ⁽⁹⁾	–	323	531	101	955
WANG Yi ⁽⁹⁾	–	445	608	138	1,191
DONG Kexue ^{(5) (9)}	–	311	715	114	1,140
WU Defei ⁽⁹⁾	–	313	858	140	1,311
HAN Weiguo ⁽⁹⁾	–	367	848	124	1,339
ZHOU Yingguan ⁽⁹⁾	–	352	724	106	1,182
SHA Yu ⁽⁹⁾	–	331	815	133	1,279
BU Fanyong ⁽⁹⁾	–	330	625	117	1,072
ZHENG Lijun ⁽⁹⁾	–	345	739	131	1,215
	–	3,117	6,463	1,104	10,684
	600	4,373	8,840	1,513	15,326

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

15. Directors' and Supervisors' Emoluments and Five Highest Individuals' Emoluments (Continued)

(a) Directors' and supervisors' emoluments (Continued)

Details of directors and supervisors of the Company are as follows: (Continued)

(ii) For the year ended 31 December 2024

	Fee	Basic salaries, other allowances and benefits-in-kind	Discretionary bonus	Contributions to pension plans	Total
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
Executive directors					
JIANG Dejun	–	418	728	134	1,280
ZHANG Xinming	–	395	709	134	1,238
XIE Yanli	–	289	535	124	948
	–	1,102	1,972	392	3,466
Non-executive directors					
LI Chengfeng	–	60	–	–	60
XIANG Wenwu ⁽⁴⁾	–	117	553	44	714
YU Renming	–	60	–	–	60
	–	237	553	44	834
Independent non-executive directors					
HUI Chiu Chung, Stephen ⁽⁶⁾	167	–	–	–	167
YE Zheng	200	–	–	–	200
DUAN Xue	200	–	–	–	200
ZHAO Jinsong	200	–	–	–	200
	767	–	–	–	767

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

15. Directors' and Supervisors' Emoluments and Five Highest Individuals' Emoluments (Continued)

(a) Directors' and supervisors' emoluments (Continued)

Details of directors and supervisors of the Company are as follows: (Continued)

(ii) For the year ended 31 December 2024 (Continued)

Supervisors					
YI Hao	–	330	508	97	935
WANG Yi	–	435	533	134	1,102
WU Defei	–	214	941	134	1,289
HAN Weiguo	–	359	687	115	1,161
ZHOU Yingguan	–	342	626	102	1,070
SHA Yu	–	328	654	130	1,112
BU Fanyong ⁽³⁾	–	231	99	77	407
ZHENG Lijun ⁽²⁾	–	341	562	130	1,033
	–	2,580	4,610	919	8,109
	767	3,919	7,135	1,355	13,176

Notes:

- (1) The non-executive director receive no emoluments for the services provided to the Company
- (2) Appointed on 29 February 2024
- (3) Appointed on 24 April 2024
- (4) Changed from executive director to non-executive director on 24 April 2024
- (5) Appointed on 18 August 2024
- (6) Resigned on 8 November 2024
- (7) Appointed on 16 March 2025
- (8) Resigned on 16 March 2025
- (9) The first extraordinary general meeting for the year 2025, from 18 December 2025 the Company will no longer have supervisory committee. The functions and powers of the supervisory committee of the Company shall be assumed by the audit committee under the Board pursuant to the regulations, and the current positions of supervisors of the Company shall be automatically terminated from 23 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

15. Directors' and Supervisors' Emoluments and Five Highest Individuals' Emoluments (Continued)

(b) Five highest paid individuals

The number of director or supervisor and non-director or supervisor included in the five highest paid individuals for the years ended 31 December 2025 and 2024 are set forth below:

	2025	2024
	Number of individuals	Number of individuals
Director or supervisor	–	1
Non-director or supervisor	5	4
	5	5

The aggregate of the emoluments in respect of the remaining highest paid non-director or supervisor are as follows:

	2025	2024
	RMB' 000	RMB' 000
Basic salaries, other allowances and benefits-in-kind	1,208	904
Discretionary bonuses	5,674	6,068
Contributions to pensions plans	609	463
	7,491	7,435

The emoluments five (2024: four) highest paid individuals who are non-director or supervisor are within the following bands:

	2025	2024
	Number of individuals	Number of individuals
HK\$3,000,001 to HK\$3,500,000	–	1
HK\$1,500,001 to HK\$2,000,000	5	3
	5	4

No emoluments were paid by the Group to any director or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2024: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

16. Employment Benefits

	2025	2024
	RMB' 000	RMB' 000
Salaries, wages and bonuses	5,316,910	5,065,685
Retirement benefits ⁽¹⁾	948,024	898,368
Early retirement and supplemental pension benefit (Note 33 (b))		
– service cost	3,540	4,078
– interest cost	29,404	43,341
Immediate recognition of actuarial losses	5,854	8,635
Housing fund ⁽²⁾	464,230	442,628
Welfare, medical and other expenses	1,027,859	908,706
	7,795,821	7,371,441

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 year ended 31 December 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

17. Property, Plant and Equipment

	Buildings and other facilities	Machinery, transportation equipment and other equipment	Construction-in-progress	Total
	RMB' 000	RMB' 000	RMB' 000	RMB' 000
At 1 January 2024				
Cost	3,934,260	6,424,044	570,370	10,928,674
Accumulated depreciation and impairment	(1,979,874)	(4,139,738)	–	(6,119,612)
Net book amount	1,954,386	2,284,306	570,370	4,809,062
Year ended 31 December 2024				
Opening net book amount	1,954,386	2,284,306	570,370	4,809,062
Transfers	54,928	528,792	(583,720)	–
Additions	–	379	612,158	612,537
Depreciation	(124,557)	(735,907)	–	(860,464)
Disposals	(2,326)	(1,521)	–	(3,847)
Closing net book amount	1,882,431	2,076,049	598,808	4,557,288
At 31 December 2024 and 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
Year ended 31 December 2025				
Opening net book amount	1,882,431	2,076,049	598,808	4,557,288
Transfers	4,831	661,065	(665,896)	–
Additions	–	6,248	740,435	746,683
Depreciation	(112,195)	(681,697)	–	(793,892)
Disposals	(28,995)	(5,605)	(2,898)	(37,498)
Closing net book amount	1,746,072	2,056,060	670,449	4,472,581
At 31 December 2025				
Cost	3,743,889	7,047,035	670,449	11,461,373
Accumulated depreciation and impairment	(1,997,817)	(4,990,975)	–	(6,988,792)
Net book amount	1,746,072	2,056,060	670,449	4,472,581

Depreciation expense recognised is analysed as follows:

	2025	2024
	RMB' 000	RMB' 000
Cost of sales	701,013	763,821
Selling and marketing expenses	231	287
Administrative expenses	36,457	36,794
Research and development costs	56,191	59,562
	793,892	860,464

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

18.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	349,815	10,115	–	359,930
Depreciation for the year	(90,660)	(8,323)	(56,354)	(155,337)
Disposals	–	–	(98,051)	(98,051)
Modification	(6,986)	(220)	–	(7,206)
Balance at 31 December 2024 and 1 January 2025	408,264	14,803	1,903,981	2,327,048
Additions	99,519	5,211	31,103	135,833
Depreciation for the year	(199,140)	(7,016)	(55,040)	(261,196)
Disposals	–	–	(14,761)	(14,761)
Modification	(5,268)	(4,802)	–	(10,070)
Balance at 31 December 2025	303,375	8,196	1,865,283	2,176,854

Depreciation recognised is analysed as follows:

	2025	2024
	RMB' 000	RMB' 000
Cost of sales	131,135	112,974
Administrative expenses	63,860	27,147
Research and development expenses	66,201	15,216
	261,196	155,337

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

19.Intangible Assets

	Patent	Computer software	Total
	RMB' 000	RMB' 000	RMB' 000
At 1 January 2024			
Cost	489,982	647,954	1,137,936
Accumulated amortisation	(480,976)	(479,684)	(960,660)
Net book amount	9,006	168,270	177,276
Year ended 31 December 2024			
Opening net book amount	9,006	168,270	177,276
Additions	19,526	28,968	48,494
Amortisation	(1,173)	(42,044)	(43,217)
Closing net book amount	27,359	155,194	182,553
At 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
Year ended 31 December 2024			
Opening net book amount	27,359	155,194	182,553
Additions	841	78,057	78,898
Amortisation	(2,970)	(41,753)	(44,723)
Disposal			
– Cost	–	(94)	(94)
– Accumulated amortisation	–	94	94
Closing net book amount	25,230	191,498	216,728
At 31 December 2025			
Cost	510,349	754,885	1,265,234
Accumulated amortisation	(485,119)	(563,387)	(1,048,506)
Net book amount	25,230	191,498	216,728

Amortisation recognised is analysed as follows:

	2025	2024
	RMB' 000	RMB' 000
Cost of sales	5,197	5,476
Administrative expenses	26,147	23,665
Research and development expenses	13,379	14,076
	44,723	43,217

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

20. Investment in Joint Ventures

	2025	2024
	RMB' 000	RMB' 000
Joint ventures		
Beginning of the year	23,651	4,026
Share of total comprehensive (expense)/income	(17,940)	60
Capital contribution	–	19,565
End of the year	5,711	23,651

The Group's joint ventures, are unlisted and established in a form of limited company, are as follows:

Name	Establishment/Place of incorporation	Registered and fully paid capital	Interest held by the Group	Principal activities and place of operations
Hainan Great Wall Machinery Engineering Co., Ltd. (海南長城機械工程有限公司) ⁽¹⁾	The PRC	RMB3,000,000 (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. (南榮石化運輸工程有限公司) ⁽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:

	2025	2024
	RMB' 000	RMB' 000
Current assets	28,738	16,588
Non-current assets	573	722
Total assets	29,311	17,310
Current liabilities	20,499	9,137
Total liabilities	20,499	9,137
Equity	8,812	8,173
Share of equity by the Group (50%) (2024: 50%)	4,406	4,086

	2025	2024
	RMB' 000	RMB' 000
Revenue	17,479	9,133
Profit and total comprehensive income for the year	635	120
Share of total comprehensive income (50%) (2024: 50%)	320	60

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

20. Investment in Joint Ventures (Continued)

(2) Abdel Hadi Abdullah Al-Qahtani & Sons Sinopec Shanghai Engineering Contracting Company was incorporated in 2024.

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:

	2025
	RMB' 000
Current assets	18,393
Non-current assets	12,385
Total assets	30,778
Non-current liabilities	30,207
Total liabilities	30,207
Equity	571
Share of equity by the Group (49%) (2024: 49%)	279

	2025
	RMB' 000
Revenue	—
Loss and total comprehensive expense for the year	(17,074)
Share of total comprehensive expense (49%) (2024:49%)	(8,975)

(3) NAMPEC Transportation and Engineering Co., Ltd. was incorporated in 2024.

The Group's share of the results of NAMPEC Transportation and Engineering Co., Ltd., its aggregated assets and liabilities, are as follows:

	2025
	RMB' 000
Current assets	9,701
Non-current assets	14,106
Total assets	23,807
Current liabilities	21,796
Total liabilities	21,796
Equity	2,011
Share of equity by the Group (49%) (2024: 49%)	986

	2025
	RMB' 000
Revenue	8,281
Loss and total comprehensive expense for the year	(13,581)
Share of total comprehensive expense (49%) (2024:49%)	(9,285)

There are no material contingent liabilities and commitments relating to the Group's interests in the joint ventures and no material contingent liabilities and commitments of the joint ventures themselves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

21. Notes and Trade Receivables

	2025	2024
	RMB' 000	RMB' 000
Trade receivables		
Fellow subsidiaries	2,090,062	2,270,381
Joint ventures of fellow subsidiaries	224,763	241,548
Associates of fellow subsidiaries	195,490	202,886
Joint ventures	3,386	–
Third parties	7,315,367	7,284,999
	9,829,068	9,999,814
Less: ECL allowance for impairment	(2,273,361)	(2,309,309)
Trade receivables – net	7,555,707	7,690,505
Notes receivables	567,262	728,629
Notes and trade receivables – net	8,122,969	8,419,134

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

All notes receivable of the Group are bank's acceptance bills and commercial's acceptance bills and usually collected within six months from the date of issue.

The Group usually provides customers with a credit term between 15 and 180 days. For the settlement of trade receivables from provision of services, the Group usually reaches an agreement on the term of each payment with the customer by taking into account of factors such as, among other things, the credit history of the customer, its liquidity position and the Group's working capital needs, which varies on a case-by-case basis that requires the judgment and experience of the management. The Group does not hold any collateral as security.

Ageing analysis of notes and trade receivables, net of ECL allowance, by invoice date is as follows:

	2025	2024
	RMB' 000	RMB' 000
Within 1 year	7,616,936	7,685,300
Between 1 and 2 years	258,085	478,713
Between 2 and 3 years	108,889	176,113
Between 3 and 4 years	83,226	43,643
Between 4 and 5 years	25,525	12,552
Over 5 years	30,308	22,813
	8,122,969	8,419,134

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

21. Notes and Trade Receivables (Continued)

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

	2025	2024
	RMB' 000	RMB' 000
At the beginning of the year	2,309,309	2,302,776
ECL allowance	180,297	221,902
Receivables written off as uncollectible	(6)	(33,364)
Reversal	(216,239)	(182,005)
At the end of the year	2,273,361	2,309,309

During the year ended 31 December 2025 and 2024, the Group has performed an individual assessment on those trade debtors with significant outstanding balances, some trade receivables has provided full ECL allowance in light of the severe financial difficulty and long default payment record, this led to a significant change in the ECL allowance on trade receivables.

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

	2025	2024
	RMB' 000	RMB' 000
RMB	7,039,085	6,728,216
USD	451,900	392,566
SAR	366,983	689,111
KWD	42,896	106,935
Others	222,105	502,306
	8,122,969	8,419,134

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

22. Prepayments and Other Receivables

	2025	2024
	RMB' 000	RMB' 000
Prepayments		
Prepayments for fellow subsidiaries	645,684	257,966
Prepayments for joint ventures of fellow subsidiaries	54	3,143
Prepayments for associates of fellow subsidiaries	4,965	2,983
Prepayments for joint ventures	8,616	5,652
Prepayments for construction	1,636,218	1,317,410
Prepayments for materials and equipment	5,742,415	6,160,817
Prepayments for labour costs	266,567	171,465
Prepayments for rent	16,231	2,191
Others	243,598	196,024
	8,564,348	8,117,651
Other receivables		
Amounts due from fellow subsidiaries ⁽¹⁾	193,123	381,218
Amounts due from joint ventures of fellow subsidiaries ⁽¹⁾	147,045	187,992
Amounts due from associates of fellow subsidiaries ⁽¹⁾	305,829	80,204
Interests receivable	133,055	366,207
Petty cash funds	1,286	2,126
Other guarantee deposits and deposits	142,485	137,186
Payment in advance on construction project	1,846,258	479,423
Maintenance funds	64,866	65,135
Prepaid and value-added tax credit	907,429	1,047,566
Prepaid income tax	651,449	93,897
Others	267,991	128,880
	4,660,816	2,969,834
Less: ECL allowance for impairment	(100,937)	(120,487)
Prepayments and other receivables – net	13,124,227	10,966,998

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

22. Prepayments and Other Receivables (Continued)

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

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

	2025	2024
	RMB' 000	RMB' 000
At the beginning of the year	120,487	121,089
ECL allowance	18,213	28,728
Write-off of irrecoverable receivable	(30)	(18)
Reversal	(37,733)	(29,312)
At the end of the year	100,937	120,487

23. Contract Assets and Contract Liabilities

(a) Contract assets

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. While progress billings in excess of revenue recognised based on performance progress is presented as contract liabilities. The Group also agrees to have 1 to 3 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.

	2025	2024
	RMB' 000	RMB' 000
Contract assets arising from construction contracts, net of ECL provision	11,767,315	11,409,353

The movements of ECL allowance on contract assets are as follows:

	2025	2024
	RMB' 000	RMB' 000
At the beginning of the year	548,208	662,374
ECL allowance	57,557	34,812
Reversal	(52,157)	(148,978)
At the end of the year	553,608	548,208

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

23.Contract Assets and Contract Liabilities (Continued)

(b) Contract liabilities

	2025	2024
	RMB' 000	RMB' 000
Contract liabilities arising from construction contracts	31,086,080	22,221,119

Note: 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.

Unsatisfied performance obligation:

The Group has signed construction contracts with a number of clients to provide construction services for a certain period of time in the future. These contracts normally constitute a single performance obligation as a whole. As at 31 December 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 RMB203,850,350,000 (2024: RMB172,676,580,000), typically around five to eight years from the date of deposits received, the amount of which was related to the progress of the performance of each construction contract and will be recognised as revenue in accordance with the percentage of work performed in the future.

24.Inventories

	2025	2024
	RMB' 000	RMB' 000
Construction materials	213,413	289,817
Turnover materials	197,043	254,714
Goods in transit	705	20,233
	411,161	564,764
Provision for impairment on inventories	(27,849)	(27,849)
Inventories, net	383,312	536,915

For the year ended 31 December 2025 and 2024, the cost of inventories recognised as expense and included in cost of sales amounted to RMB26,936,727,000 and RMB23,577,628,000 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

25. Financial Assets at Fair Value Through Other Comprehensive Income

	2025	2024
	RMB' 000	RMB' 000
Beginning of financial year	254,123	252,862
Additions	2,344	—
Changes in fair value (loss)/gain	(3,354)	1,261
End of financial year	253,113	254,123

Financial assets at FVTOCI is analysed as follows:

	2025	2024
	RMB' 000	RMB' 000
Unlisted equity shares	253,113	254,123
Total	253,113	254,123

These financial assets at FVTOCI are mainly invested in Sinopec Carbon Industry Technology Co., Ltd.. It classified as non-current as the management expects to realise these financial assets beyond 12 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. 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:

	2025	2024
Loans due from the ultimate holding company	1.50% to 7.00%	2.30% to 2.90%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

27.Restricted Cash

	2025	2024
	RMB' 000	RMB' 000
Restricted cash		
– RMB	523,778	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 31 December 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.

28.Time Deposits

	2025	2024
	RMB' 000	RMB' 000
Time deposits with initial term over three months:		
Time deposits in banks	11,010,341	8,707,711
Time deposits in fellow subsidiaries	2,254,222	1,255,554
	13,264,563	9,963,265

	2025	2024
	RMB' 000	RMB' 000
Denominated in:		
– RMB	11,609,780	8,730,414
– USD	1,335,886	1,206,932
– MYR	258,058	25,919
– EUR	60,839	–
	13,264,563	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 1.10% to 4.17% as at 31 December 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

29. Cash and Cash Equivalents

	2025	2024
	RMB' 000	RMB' 000
Cash at bank and in hand		
– time deposits with maturity within three months	4,449,760	1,831,936
– cash deposits	6,374,421	3,384,464
	10,824,181	5,216,400
Deposits in fellow subsidiaries		
– time deposits with maturity within three months	2,770,519	1,304,634
– cash deposits	2,104,157	4,918,891
	4,874,676	6,223,525
	15,698,857	11,439,925

	2025	2024
	RMB' 000	RMB' 000
Denominated in:		
– RMB	5,577,745	7,054,094
– USD	4,690,856	1,864,697
– SAR	1,206,786	866,184
– EUR	2,788,738	579,816
– KWD	12,048	13,140
– THB	39,639	4,356
– MYR	63,561	314,723
– Others	1,319,484	742,915
	158,698,857	11,439,925

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

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

The effective interest rates per annum on bank deposits less than three months, with maturities of seven days to three months (2024: seven days to three months), are approximately 0.18% to 18.00% as at 31 December 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

30.Share Capital

	As at 31 December 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	1,426,824,000	1,426,824	1,430,681,000	1,430,681
	4,394,024,000	4,394,024	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;
 - (b) 59,344,000 shares are held by SAMC (a fellow subsidiary); and
 - (c) 219,980,000 shares are held by China National Petroleum Corporation.

Where the Company had repurchased the Company's listed securities, the following information should be disclosed. Such information can be disclosed in other parts of the annual report.

During the year, the Company repurchased its own ordinary shares through The Stock Exchange of Hong Kong Limited as follows:

Month of repurchase	No. of ordinary share	Price per share		Aggregate consideration paid
		Highest	Lowest	
		HK\$	HK\$	HK' 000
March	3,720,500	5.70	5.57	20,956
August	136,500	6.40	6.28	870

As at 31 December 2025, the 3,720,500 shares and 136,500 shares of above ordinary shares were cancelled upon repurchase on 12 May 2025 and 29 August 2025, respectively.

As at 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 were cancelled on 13 May 2024, 30 August 2024 and 30 December 2024, respectively.

None of the Company and the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

31.The Statement of Financial Position, the Statement of Changes in Equity and Reserves of the Company

(i) The statement of financial position of the Company

	2025	2024
	RMB' 000	RMB' 000
ASSETS		
Non-current assets		
Property, plant and equipment	177,126	164,614
Right-of-use assets	45,030	45,491
Intangible assets	121,803	90,429
Investment in subsidiaries	9,755,154	8,360,432
Deferred income tax assets	1,624	1,492
Total non-current assets	10,100,737	8,662,458
Current assets		
Inventories	4,295	52
Notes and trade receivables	250,428	409,314
Prepayments and other receivables	1,075,426	1,830,475
Contract assets	511,167	2,573
Loans due from the ultimate holding company	8,255,000	20,500,000
Restricted cash	1,407	1,088
Time deposits	11,942,283	8,396,744
Cash and cash equivalents	3,926,290	6,335,957
Total current assets	25,966,296	37,476,203
Total assets	36,067,033	46,138,661

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

31. The Statement of Financial Position, the Statement of Changes in Equity and Reserves of the Company (Continued)

(i) The statement of financial position of the Company (Continued)

	2025	2024
	RMB' 000	RMB' 000
EQUITY		
Share capital	4,394,024	4,397,881
Reserves	15,126,451	14,999,597
Total equity	19,520,475	19,397,478
LIABILITIES		
Non-current liabilities		
Retirement and other supplemental benefit obligations	343	685
Lease liabilities	706	–
Total non-current liabilities	1,049	685
Current liabilities		
Trade payables	945,235	638,418
Other payables	14,777,390	25,810,879
Contract liabilities	214,854	136,199
Amount due to fellow subsidiaries	477,958	–
Current income tax liabilities	130,072	155,002
Total current liabilities	16,545,509	26,740,498
Total liabilities	16,546,558	26,741,183
Total equity and liabilities	36,067,033	46,138,661
Net current assets	9,420,787	10,735,705
Total assets less current liabilities	19,521,524	19,398,163

Approved and authorised for issue by the board of directors on 13 March 2026.

JIANG Dejun
Chairman of the Board

ZHANG Xinming
Executive Director, President

YIN Fengbing
Chief Financial Officer

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

31.The Statement of Financial Position, the Statement of Changes in Equity and Reserves of the Company (Continued)

(ii) The statement of changes in equity of the Company

	Share capital	Capital reserve	Statutory surplus reserve	Retained earnings	Total
	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
At 1 January 2024	4,418,544	11,171,511	1,815,822	1,966,493	19,372,370
Profit for the year	–	–	–	1,738,835	1,738,835
Other comprehensive income:					
Exchange differences arising on foreign operations	–	–	–	11,735	11,735
Total comprehensive income	–	–	–	1,750,570	1,750,570
Transactions with owners:					
Final dividends for 2023	–	–	–	(1,646,693)	(1,646,693)
Transfer to statutory surplus reserve	–	–	172,125	(172,125)	–
Repurchase of shares	(20,663)	(58,106)	–	–	(78,769)
Total transactions with owners	(20,663)	(58,106)	172,125	(1,818,818)	(1,725,462)
At 31 December 2024 and 1 January 2025	4,397,881	11,113,405	1,987,947	1,898,245	19,397,478
Profit for the year	–	–	–	1,780,353	1,780,353
Other comprehensive income:					
Exchange differences arising on foreign operations	–	–	–	(20,408)	(20,408)
Total comprehensive income	–	–	–	1,759,945	1,795,945
Transactions with owners:					
Final dividends for 2024	–	–	–	(1,617,029)	(1,617,029)
Transfer to statutory surplus reserve	–	–	178,035	(178,035)	–
Repurchase of shares	(3,857)	(16,062)	–	–	(19,919)
Total transactions with owners	(3,857)	(16,062)	178,035	(1,795,064)	(1,636,948)
At 31 December 2025	4,394,024	11,097,343	2,165,982	1,863,126	19,520,475

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

31. The Statement of Financial Position, the Statement of Changes in Equity and Reserves of the Company (Continued)

(iii) Distributable profits

The distributable profits of the Company are as follows:

	2025	2024
	RMB' 000	RMB' 000
Distributable profits	1,863,126	1,898,245

(iv) Statutory surplus reserve

In accordance with the relevant laws and regulations of the PRC and the articles of association of the Company, it is required to appropriate 10% of its net profit determined in accordance with China Accounting Standards for Enterprises issued by the Ministry of Finance of PRC, after offsetting any prior years' losses, to the statutory surplus reserve. When the balance of such a reserve reaches 50% of the respective companies registered capital, any further appropriation is optional. The reserve must be made before distribution of dividends to shareholders.

The statutory surplus reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the reserve after such an issue is not less than 25% of registered capital. The statutory surplus reserve is non-distributable.

(v) Capital reserve

Capital reserve arising from event-driven revaluation represented reserve recognised due to the revaluation arising from the Reorganisation, being the excess of fair value over carrying value net of the deferred income 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.

(vi) Specific reserve

Pursuant to certain regulations issued by the State Administration of Work Safety of the PRC, the Group is required to set aside an amount to a safety fund for its engineering and construction contracting business. The fund can be used for improvements of safety at the worksite and is not available for distribution to shareholders. Upon incurring qualifying safety expenditures, an equivalent amount is transferred from safety fund to retained earnings.

(vii) Exchange translation reserve

Exchange translation reserve represents exchange differences arising on the translation of financial statements of foreign operations and is treated according to accounting policies Note 3.4.

(viii) Merger reserve

The merger reserve of the Group represents the difference between the nominal value of the aggregate share capital of subsidiaries acquired pursuant to the business combinations under common control completed in prior year over the nominal value of the share capital of the Company issued in exchange.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

32. Lease Liabilities

	2025	2024
	RMB' 000	RMB' 000
Total minimum lease payments:		
Due within one year	189,112	177,370
Due in the second to fifth years	115,380	234,307
Due after the fifth year	30,686	48,428
	335,178	460,105
Future finance charges on leases liabilities	(22,439)	(37,849)
Present value of leases liabilities	312,739	422,256
Present value of minimum lease payments:		
Due within one year	183,831	169,920
Due in the second to fifth years	102,535	212,117
Due after the fifth year	26,373	40,219
	312,739	422,256
Less:		
Portion due within one year included under current liabilities	(183,831)	(169,920)
Portion due after one year included under non-current liabilities	128,908	252,336

During the year ended 31 December 2025, the Group entered into a number of lease agreements for usage of residential properties, office and equipment for 1 to 10 years (2024: 1 to 10 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 and lease liabilities amounting to RMB135,833,000 (2024: RMB359,930,000).

During the year ended 31 December 2025, the total cash outflows for the leases are RMB793,421,000 (2024: RMB415,810,000).

Details of the lease activities

As at 31 December 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"	140 (2024: 134)	1 to 10 years (2024: 1 to 10 years)
Land use rights in PRC	Prepaid land use rights payments	131 (2024: 131)	18 to 57 years (2024: 19 to 58 years)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

33. Retirement and Other Supplemental Benefit Obligations

(a) State-managed retirement plan

For the year ended 31 December 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 16(1)).

The total costs charged to the consolidated statement of comprehensive income during the years ended 31 December 2025 and 2024 are as follows:

	2025	2024
	RMB' 000	RMB' 000
Contributions to state-managed retirement plan	948,024	898,368

(b) Group employee retirement benefit plans

The Group has implemented a retirement benefit plan to employees in the PRC who were retired or approved to participate in early retirement in subsequent years on or before 30 June 2012. Such supplementary pension subsidies are considered to be defined benefit plans as the Group is obligated to provide post-employment benefits to these employees.

According to the plans, such employees after retirement can enjoy retirement pension, welfare allowance, part of medical expenses claim, living expenses and insurance and housing fund and other benefits. The employees' lifetime is guaranteed by the plans.

The exposure to actuarial risks of the Group's retirement benefit plans include: discount rate risk and benefit growth rate risk.

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

The most recent actuarial valuation as at 31 December 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):

	2025	2024
Retirement with honours benefit plan	1.50%	1.25%
Retirement benefit plan	1.75%	1.75%
Early retirement benefit plan	1.50%	1.00%

(ii) Benefit growth rates (per annum):

	2025	2024
Retirement with honours benefit plan	0.80%	1.70%
Retirement benefit plan	1.70%	2.30%
Early retirement benefit plan	0.80%	1.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

33.Retirement and Other Supplemental Benefit Obligations (Continued)

(b) Group employee retirement benefit plans (Continued)

(iii) Duration:

	2025	2024
Retirement with honours benefit plan	4.0 years	4.0 years
Retirement benefit plan	12.0 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 31 December 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	(31,950)	33,195	(38,640)	40,200
Benefit growth rates	28,424	(30,580)	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

33.Retirement and Other Supplemental Benefit Obligations (Continued)

(b) Group employee retirement benefit plans (Continued)

The total costs of retirement benefit plans in the consolidated statement of comprehensive income are as follows:

	Retirement with honours benefit plan	Retirement benefit plan	Early retirement benefit plan	Total
	RMB' 000	RMB' 000	RMB' 000	RMB' 000
For the year ended 31 December 2024				
Service cost:				
Service cost	—	—	4,078	4,078
Net interest expenses	448	41,424	1,469	43,341
Immediate recognition of actuarial losses	—	—	8,635	8,635
Benefit cost recognised in profit or loss	448	41,424	14,182	56,054
Revaluation of net benefit obligation liabilities				
Actuarial revaluation of economic assumptions change	506	98,290	—	98,796
Actuarial revaluation of other assumptions change	201	(13,488)	—	(13,287)
Benefit cost recognised in other comprehensive income	707	84,802	—	85,509
Total benefit cost recognised in the consolidated statement of comprehensive income	1,155	126,226	14,182	141,563

	Retirement with honours benefit plan	Retirement benefit plan	Early retirement benefit plan	Total
	RMB' 000	RMB' 000	RMB' 000	RMB' 000
For the year ended 31 December 2025				
Service cost:				
Service cost	—	—	3,540	3,540
Net interest expenses	174	28,720	510	29,404
Immediate recognition of actuarial losses	—	—	5,854	5,854
Benefit cost recognised in profit or loss	174	28,720	9,904	38,798
Revaluation of net benefit obligation liabilities				
Actuarial revaluation of economic assumptions change	(456)	(77,046)	—	(77,502)
Actuarial revaluation of other assumptions change	2,683	(44,058)	—	(41,375)
Benefit cost recognised in other comprehensive income	2,227	(121,104)	—	(118,877)
Total benefit cost recognised in the consolidated statement of comprehensive income	2,401	(92,384)	9,904	(80,079)

The Group's benefit plans do not include incumbent employees. No current service cost of each benefit plan incurred during each financial period. Meanwhile, the Group's benefit plans do not provide reserve of plan assets, therefore, there is no reserve of earnings from plan assets during each financial year.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

33.Retirement and Other Supplemental Benefit Obligations (Continued)

(b) Group employee retirement benefit plans (Continued)

As at the end of each reporting period, no assets reserve is under the Group's benefit plans. The net liabilities of retirement benefit plan obligations are recognised in the consolidated statement of financial position as follows:

	2025	2024
	RMB' 000	RMB' 000
Net liabilities of retirement benefit plan obligation	1,541,295	1,782,034

The movement of retirement benefit plan obligation as follows:

	Retirement with honours benefit plan	Retirement benefit plan	Early retirement benefit plan	Total
	RMB' 000	RMB' 000	RMB' 000	RMB' 000
At 1 January 2024	20,058	1,724,156	76,982	1,821,196
Service cost	–	–	4,078	4,078
Net interest expenses	448	41,424	1,469	43,341
Immediate recognition of actuarial losses	–	–	8,635	8,635
Revaluation gain/(loss):				
Actuarial revaluation of economic assumptions change	506	98,290	–	98,796
Actuarial revaluation of other assumptions change	201	(13,488)	–	(13,287)
Direct benefit paid by the Group	(5,593)	(144,132)	(31,000)	(180,725)
At 31 December 2024 and 1 January 2025	15,620	1,706,250	60,164	1,782,034
Service cost	–	–	3,540	3,540
Net interest expenses	174	28,720	510	29,404
Immediate recognition of actuarial losses	–	–	5,854	5,854
Revaluation gain/(loss):				
Actuarial revaluation of economic assumptions change	(456)	(77,046)	–	(77,502)
Actuarial revaluation of other assumptions change	2,683	(44,058)	–	(41,375)
Direct benefit paid by the Group	(4,819)	(131,555)	(24,286)	(160,660)
At 31 December 2025	13,202	1,482,311	45,782	1,541,295

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

34.Provision for Litigation Claims

	2024
	RMB' 000
Beginning of the year	191,681
Exchange difference	(3,363)
Payment	(1,748)
Reversal	(186,570)
End of the year	–

The amounts represented the provision provided by a subsidiary of the Company for litigation.

The subsidiary of the Company has been sued during Year 2007 to Year 2009 due to a construction contract disputes and the case is ongoing process. The management of the Group has calculated all provision for the expected compensation incurred in accordance with the progress and solutions of the case. During the year ended 31 December 2024, the Court pronounced the case was eventually withdrawn. Accordingly, the provision was reversed to profit or loss.

For the years ended December 2025 and 2024, no other additional provision for litigation claims is provided.

35.Notes and Trade Payables

	2025	2024
	RMB' 000	RMB' 000
Trade payables		
Fellow subsidiaries	79,564	258,821
Associates of fellow subsidiaries	173	173
Joint ventures of fellow subsidiaries	14	322
Joint ventures	947	–
Third parties	21,794,379	20,551,766
	21,875,077	20,811,082
Notes payables	568,560	1,218,893
Notes and trade payables	22,443,637	22,029,975

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

35. Notes and Trade Payables (Continued)

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

	2025	2024
	RMB' 000	RMB' 000
Within 1 year	22,442,859	21,502,809
Between 1 and 2 years	–	71,398
Between 2 and 3 years	–	36,977
Over 3 years	778	418,791
	22,443,637	22,029,975

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

	2025	2024
	RMB' 000	RMB' 000
RMB	18,262,997	19,641,168
USD	217,243	210,432
SAR	2,454,280	1,599,764
KWD	39,847	40,087
MYR	12,772	9,524
AED	25,516	480
THB	32,826	47,167
Others	1,398,156	481,353
	22,443,637	22,029,975

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

36. Other Payables

	2025	2024
	RMB' 000	RMB' 000
Salaries payables	188,080	308,584
Dividend payable	1,121	–
Other taxation payables	413,859	591,507
Output value-added tax	–	4,124
Deposits and guarantee deposits payables	181,171	107,192
Advanced payables	1,081,520	772,969
Rent, property management and maintenance payables	70,545	68,338
Contracts payables	280,690	385,801
Amounts due to ultimate holding company ⁽¹⁾	–	18
Amounts due to fellow subsidiaries ⁽¹⁾	264,774	446,909
Amounts due to joint ventures ⁽¹⁾	–	71
Amounts due to associates of fellow subsidiaries ⁽¹⁾	3,164	19,207
Interest payables	1,774	381
Others	190,125	161,191
Total other payables	2,676,823	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 31 December 2025 and 31 December 2024 approximate their fair values.

37. Loans Due to Fellow Subsidiaries

Loans due to fellow subsidiaries are unsecured. Current is repayable within one year and non-current is repayable within three years and interest bearing at 2.11% to 4.57% (2024: 2.50% to 6.56%) per annum. The fellow subsidiaries are Sinopec Century Bright Capital Investment Limited and Sinopec Finance Co., Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

38. Deferred Income Tax

Deferred income tax assets recognised:

	2025	2024
	RMB' 000	RMB' 000
Deferred income tax assets	684,649	702,938

Deferred income tax liabilities recognised:

	2025	2024
	RMB' 000	RMB' 000
Deferred income tax liabilities	1,996	2,627

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

	2025	2024
	RMB' 000	RMB' 000
At the beginning of the year	700,311	751,138
(Debited)/credited to equity	(17,815)	12,210
Tax credited/(charged) to profit for the year (Note 12)	157	(63,037)
At the end of the year	682,653	700,311

The movement in deferred income tax assets and liabilities during the years ended 31 December 2025 and 2024, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets/liabilities

	Provision for retirement and other supplemental benefit obligation	Provision for impairment on assets	Others	Total
	RMB' 000	RMB' 000	RMB' 000	RMB' 000
At 1 January 2024	275,456	444,752	30,930	751,138
Credited/(charged) to				
Profit for the year	(18,875)	(18,664)	(25,498)	(63,037)
Equity	12,828	–	(618)	12,210
At 31 December 2024 and 1 January 2025	269,409	426,088	4,814	700,311
Credited/(charged) to				
Loss/(profit) for the year	(7,389)	5,743	1,803	157
Equity	(18,318)	–	503	(17,815)
At 31 December 2025	243,702	431,831	7,120	682,653

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

38. Deferred Income Tax (Continued)

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:

	2025	2024
	RMB' 000	RMB' 000
Tax losses for which no deferred income tax asset was recognised	1,487,363	1,352,151

No deferred income tax asset has been recognised due to the unpredictability of future profit streams. The unrecognized tax losses with expiry dates and would be expired in five years.

39. Commitments

(a) Capital commitments

Capital commitments for the purchase of property, plant and equipment and acquisition of entire equity interest of an entity outstanding as at 31 December 2025 and 31 December 2024 not provided for in the consolidated financial statements are as follows:

	2025	2024
	RMB' 000	RMB' 000
Contracted but not provided for		
– Property, plant and equipment	161,486	24,901
– Equity interest of an entity	191,204	–
	352,690	24,901

(b) Operating leasing commitments

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

	2025	2024
	RMB' 000	RMB' 000
Less than 1 year	48,692	32,369

As at 31 December 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

40. Cash generated from/(used in) Operations

	2025	2024
	RMB' 000	RMB' 000
Profit before taxation	2,242,167	2,851,913
Adjustments for:		
Reversal of provision for ECL on trade and other receivables and contract assets, net	(47,738)	(79,984)
Depreciation of property, plant and equipment	793,892	860,464
Depreciation of right-of-use assets	261,196	155,337
Amortisation of intangible assets	44,723	43,217
Net gains/write-off on disposal of property, plant and equipment	(40,417)	(28,360)
Net gains/write-off on disposal of land use rights	(35,629)	(65,765)
Net gains on disposal of investment in an associate	–	(41,863)
Gains on separation and transfer of “Water/electricity/gas supply and property management”	–	(17,581)
Interest income	(1,049,466)	(1,199,790)
Interest expense	68,474	68,008
Exchange gains, net	(23,051)	(48,109)
Share of loss/(profit) of joint ventures	17,940	(60)
Share of profit of associates	–	(4,858)
Dividends income from financial assets at FVTOCI	(4,046)	–
Cash flows from operating activities before changes in working capital	2,228,045	2,492,569
Changes in working capital:		
Inventories	153,603	(64,062)
Contract assets	(333,445)	(1,354,629)
Contract liabilities	8,864,961	(2,539,791)
Notes, trade and other receivables	(1,507,835)	(2,596,981)
Notes, trade and other payables	(716,155)	1,732,594
Restricted cash	(293,630)	(139,754)
Cash generated from/(used in) operations	8,395,544	(2,470,054)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

41.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.

42.Significant Related Party Transactions and Balances

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to control or common control. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

In addition to the related party information shown elsewhere in this report, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the year ended 31 December 2025 and 2024 and balances as at 31 December 2025 and 31 December 2024.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

42. Significant Related Party Transactions and Balances (Continued)

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

	2025	2024
	RMB' 000	RMB' 000
Construction and services provided to		
– Ultimate holding company	–	1,085
– Joint ventures of fellow subsidiaries	1,600,091	1,166,581
– Associates of fellow subsidiaries	6,146,396	2,304,519
– Fellow subsidiaries	17,023,475	20,506,099
	24,769,962	23,978,284
Construction and services received from		
– Ultimate holding company	19,684	24,629
– Joint ventures of fellow subsidiaries	394	3,789
– Associates of fellow subsidiaries	1,792	183
– Fellow subsidiaries	1,840,838	2,651,653
– Joint ventures	16,762	–
	1,879,470	2,680,254
Technology research and development provided to		
– Ultimate holding company	4,259	3,462
– Fellow subsidiaries	421,122	233,164
– Joint ventures of fellow subsidiaries	4,559	1,651
	429,940	238,277
General services provided to		
– Ultimate holding company	94	–
– Joint ventures of fellow subsidiaries	125	–
– Associates of fellow subsidiaries	–	426
– Fellow subsidiaries	6,172	6,639
	6,391	7,065
General services received from		
– Fellow subsidiaries	68,054	59,832
Interest income on loans		
– Ultimate holding company	465,801	561,423
Interest expense on borrowings		
– Fellow subsidiaries	9,102	7,085
Expenses in relation to settlement and other financial services		
– Fellow subsidiaries	4,412	2,638
Deposit interest income from fellow subsidiaries	116,291	141,837
Deposits and time deposits placed in fellow subsidiaries	7,128,898	7,479,079

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

42. Significant Related Party Transactions and Balances (Continued)

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

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, joint ventures of fellow subsidiaries, associates of fellow subsidiaries and joint ventures, the Group has transactions with other state-owned enterprises including but not limited to the following:

- Sales and purchases of goods and services;
- Purchases of assets;
- Lease of assets; and
- Bank deposits and borrowings.

In the ordinary course of business, the Group sells goods and services to, and purchase goods and services from other state-owned enterprises based on terms as set out in the underlying agreements, market price or actual cost incurred, or as mutually agreed.

In the ordinary course of business, the Group places deposits and borrowings mainly in state-owned financial institutions. The deposits and borrowings are in accordance with terms as set out in the respective agreement, and the interest rates are set at prevailing market rates.

Apart from the disclosure of loans due from the ultimate holding company in Note 26, trade receivables, prepayments and other receivables are unsecured, interest free and repayable on demand.

(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:

	2025	2024
	RMB' 000	RMB' 000
Fee	600	767
Basic salaries, other allowances and benefits-in-kind	5,783	5,310
Discretionary bonus (i)	11,997	9,726
Contributions to pension plans	2,029	1,846
	20,409	17,649

Note:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

43.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 fellow subsidiaries – current	Loans due to a fellow subsidiaries – 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	87,496	42,952	–	–	130,448
– Capital element of lease rentals paid	–	–	(51,095)	–	(51,095)
– Interest element of lease rentals paid	–	–	(11,014)	–	(11,014)
– Dividend paid	–	–	–	(1,646,693)	(1,646,693)
– Interest paid	(7,085)	–	–	–	(7,085)
– Repayment	(60,437)	(23,600)	–	–	(84,037)
Non-cash:					
– Entered into new lease	–	–	323,752	–	323,752
– Interest expenses on lease liabilities	–	–	11,014	–	11,014
– Interest expenses on loans	7,085	–	–	–	7,085
– Modification	–	–	(3,271)	–	(3,271)
– Dividend declared	–	–	–	1,646,693	1,646,693
– Exchange difference	1,503	–	142	–	1,645
At 31 December 2024 and 1 January 2025	109,264	40,813	422,256	–	572,333
Cash-flow:					
– Drawdown	703,958	275,062	–	–	979,020
– Capital element of lease rentals paid	–	–	(183,932)	–	(183,932)
– Interest element of lease rentals paid	–	–	(18,234)	–	(18,234)
– Dividend paid	–	–	–	(1,621,946)	(1,621,946)
– Interest paid	(7,865)	(1,237)	–	–	(9,102)
– Repayment	(141,640)	(30,149)	–	–	(171,789)
Non-cash:					
– Entered into new lease	–	–	85,258	–	85,258
– Interest expenses on lease liabilities	–	–	18,234	–	18,234
– Interest expenses on loans	7,865	1,237	–	–	9,102
– Modification	–	–	(9,656)	–	(9,656)
– Dividend declared	–	–	–	1,623,067	1,623,067
– Exchange difference	(4,658)	–	(1,187)	–	(5,845)
– Within 1 year or on demand	11,338	(11,338)	–	–	–
At 31 December 2025	678,262	274,388	312,739	1,121	1,266,510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

44. Particulars of Principal Subsidiaries

As at 31 December 2025 and 2024, the Company has direct and indirect interests in the following principal subsidiaries:

Name	Establishment/Place of incorporation and type of legal entity	Registered and fully paid capital RMB' 000	Effective interest held		Principal activities and place of operation
			Direct held	Indirect held	
SEI (中國石化工程建設有限公司)	The PRC/Limited liability company	500,000	100%	–	Engineering contracting, engineering and consulting/The PRC
LPEC (中石化洛陽工程有限公司)	The PRC/Limited liability company	500,000	–	100%	Engineering contracting, engineering and consulting/The PRC
SSEC (中石化上海工程有限公司)	The PRC/Limited liability company	500,000	100%	–	Engineering contracting, engineering and consulting/The PRC
SNEC (中石化寧波工程有限公司)	The PRC/Limited liability company	500,000	100%	–	Engineering contracting, design, equipment manufacturing/The PRC
SNEI (中石化南京工程有限公司)	The PRC/Limited liability company	556,005	100%	–	Engineering contracting, design/The PRC
FCC (中石化第四建設有限公司)	The PRC/Limited liability company	350,000	100%	–	Engineering contracting/The PRC
SFCC (中石化第五建設有限公司)	The PRC/Limited liability company	350,000	100%	–	Engineering contracting/The PRC
STCC (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
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2025

44.Particulars of Principal Subsidiaries (Continued)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, results in particulars of excessive length.

45.Event After Reporting Period

On 23 December 2025, SNEI, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Pipeline Storage and Transportation Asset, pursuant to which, SNEI agrees to acquire the 100% equity interests in East China Pipeline Design and Research Institute held by Pipeline Storage and Transportation Asset and the consideration for the acquisition is RMB191,204,309.07. The transaction of acquisition was completed on 1 January 2026.



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