

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



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

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

(Stock Code: 2386)

**VOLUNTARY ANNOUNCEMENT
TOTAL NEW CONTRACT VALUE AND BACKLOG**

This announcement is made voluntarily by SINOPEC Engineering (Group) Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”). The board of directors of the Company (the “**Board**”) is pleased to update shareholders of the Company and potential investors on certain information in connection with the representative new contracts entered into by the Group for the three months ended 31 December 2017, the total value of the new contracts for the twelve months ended 31 December 2017 and the backlog as at 31 December 2017. The relevant information shall be subject to the information to be disclosed in the annual report of the Company for the year ended 31 December 2017.

This announcement is made by the order of the Board. The Board collectively and individually accepts responsibility for the accuracy of this announcement.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made voluntarily by the Company. The Board is pleased to update shareholders of the Company and potential investors on the following information. The relevant information shall be subject to the information to be disclosed in the annual report of the Company for the year ended 31 December 2017.

* *For identification purposes only.*

During the twelve months ended 31 December 2017, the total value of new contracts entered into by the Group amounted to RMB39.063 billion, representing an increase of 41.72% as compared to RMB27.564 billion for the twelve months ended 31 December 2016. As at 31 December 2017, the backlog of the Group amounted to RMB91.028 billion, representing an increase of 3.2% as compared to RMB88.173 billion as at 31 December 2016.

New Contract Value and Backlog

Representative New Contracts

New contract value represents the value of the contracts the Group entered into during a specified period. The value of a contract is the amount that the Group expects to receive under the terms of the contract if the contract is performed in accordance with its terms. During the three months ended 31 December 2017, the total value of new contracts entered into by the Group amounted to RMB11.699 billion, and contracts that are representative are as follows:

1. a contract of engineering, procurement and construction (EPC) entered into with National Iranian Oil Engineering and Construction Company in relation to Phase II of Abadan refinery upgrading project in Iran. The Group will pursue approximately RMB6.858 billion of the total contract value;
2. an EPC contract entered into with Sinochem Quanzhou Petrochemical Co., Ltd.* (中化泉州石化有限公司) in relation to the 400 kilo tons per annum HDPE device of the 1 million tons per annum ethylene and refinery expansion project, with a total contract value of approximately RMB654 million;
3. a contact of prefabrication and installation entered into with Daelim Industrial Co., Ltd. for Saudi Arabia's Rabigh Phenol-Acetone Pipelines, with a total contract value of approximately USD33 million, equivalent to approximately RMB216 million; and
4. an engineering and design contract entered into with Shanghai SECCO Petrochemical Co., Ltd.* (上海賽科石油化工有限責任公司) for its OSBL new spherical tank, waste water tank and boiler flue gas desulfurization and denitrification project, with a total contract value of RMB215 million.

Backlog

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 based on the Group's assumption that the relevant contracts will be performed in accordance with their terms. Backlog is not a measure defined by generally accepted accounting principles. Any modification, termination or suspension of these contracts by the Group's clients may have a substantial and immediate effect on the Group's backlog. Projects may also remain in the Group's backlog for an extended period of time beyond what was initially anticipated due to various factors beyond the Group's control.

The table below sets out the details of the total value of new contracts entered into by the Group and its backlog categorised by (1) business segments; (2) the industries in which the Group's clients operate; (3) regions; and (4) clients of each of (i) China Petrochemical Corporation ("**Sinopec Group**") and its associates and (ii) the non-Sinopec Group and its associates during the period or as at the date indicated:

	Total of New Contract Value For the twelve months ended 31 December 2017		Backlog As at 31 December 2017	
	<i>(RMB thousand)</i>	<i>Percentage (%)</i>	<i>(RMB thousand)</i>	<i>Percentage (%)</i>
<i>Business segments</i>				
Engineering, Consulting and Licensing	3,704,714	9.5	7,838,104	8.6
EPC Contracting	19,838,314	50.8	67,712,961	74.4
Construction	14,685,028	37.6	14,896,489	16.4
Equipment Manufacturing	<u>835,348</u>	<u>2.1</u>	<u>580,390</u>	<u>0.6</u>
Total	<u>39,063,404</u>	<u>100.0</u>	<u>91,027,944</u>	<u>100.0</u>

	Total of New Contract Value For the twelve months ended 31 December 2017		Backlog As at 31 December 2017	
	<i>(RMB thousand)</i>	<i>Percentage (%)</i>	<i>(RMB thousand)</i>	<i>Percentage (%)</i>
<i>Industries in which the Group's clients operate</i>				
Oil Refining	14,160,084	36.2	32,541,555	35.8
Petrochemical	16,743,703	42.9	24,224,871	26.6
New Coal Chemicals	2,373,623	6.1	15,386,301	16.9
Other Industries	<u>5,785,994</u>	<u>14.8</u>	<u>18,875,217</u>	<u>20.7</u>
Total	<u>39,063,404</u>	<u>100.0</u>	<u>91,027,944</u>	<u>100.0</u>
<i>Regions</i>				
PRC	29,070,365	74.4	62,728,624	68.9
Overseas	<u>9,993,039</u>	<u>25.6</u>	<u>28,299,320</u>	<u>31.1</u>
Total	<u>39,063,404</u>	<u>100.0</u>	<u>91,027,944</u>	<u>100.0</u>
<i>Clients of each of (i) Sinopec Group and its associates and (ii) the non-Sinopec Group and its associates</i>				
Sinopec Group and its associates	13,029,781	33.4	37,667,990	41.4
Non-Sinopec Group and its associates	<u>26,033,623</u>	<u>66.6</u>	<u>53,359,954</u>	<u>58.6</u>
Total	<u>39,063,404</u>	<u>100.0</u>	<u>91,027,944</u>	<u>100.0</u>

The Board wishes to emphasise that the above information in relation to the representative new contracts, the total value of new contracts and backlog shall not constitute any forecast or prediction of the profits of the Group.

This announcement is made by the order of the Board. The Board collectively and individually accepts responsibility for the accuracy of this announcement.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Beijing, the PRC
23 February 2018

As at the date of this announcement, the Company's executive directors are LU Dong, XIANG Wenwu, SUN Lili (employee representative director) and WU Derong (employee representative director); the non-executive directors are LING Yiqun and LI Guoqing; and the independent non-executive directors are HUI Chiu Chung, Stephen, JIN Yong and YE Zheng.

This announcement is available on the website of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) and on the website of the Company (www.segroup.cn).