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

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

Termination of an EPC Contract with KPI Company

This announcement is made by SINOPEC Engineering (Group) Co., Ltd. (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the inside information provisions of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 10 June 2013, the Company entered into an EPC contract (the “**Contract**”) with Kazakhstan Petrochemical Industries (“**KPI Company**”). For more details, please refer to the announcement of the Company dated 10 June 2013 (the “**Announcement**”). The Contract will be implemented upon satisfaction of certain conditions, with a total contract value of approximately US\$1.85 billion (approximately RMB11.4 billion). During the period from the date of the Contract to 13 August 2014, the Company had ongoing clarifications and negotiations with KPI Company on outstanding commercial matters. However, due to a failure on reaching an agreement on key commercial conditions and other aspects, certain conditions of the Contract were not fully satisfied. Upon negotiations with KPI Company on an arm’s length basis, both parties decided to terminate the Contract on 13 August 2014. As the Contract had not been implemented yet, both parties had no outstanding liabilities in relation to the Contract.

As at the date of this announcement, KPI Company did not make any payment to the Company in relation to the Contract and the Company did not recognise any revenue in relation to the Contract. The Company will deduct the value of the Contract from the total value of the Company’s backlog and will make disclosure in the 2014 interim report and interim results announcement.

** For identification purposes only*

Having reviewed and considered available information, the Company's board of directors does not currently anticipate that the termination of the Contract will create any material adverse impact on the Company's existing operations, business plans or business development strategies.

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

By the Order of the Board
SINOPEC Engineering (Group) Co., Ltd
SANG Jinghua

Secretary to the Board of Directors and the Company

Beijing, the PRC
14 August 2014

As at the date of this announcement, the Company's executive director is YAN Shaochun; the non-executive directors are CAI Xiyou, LEI Dianwu, LING Yiqun, CHANG Zhenyong and LI Guoqing; and the independent non-executive directors are HUI Chiu Chung, Stephen, JIN Yong and YE Zheng.