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**Sinopec Shanghai Petrochemical Company Limited**

**中國石化上海石油化工有限公司**

*(A joint stock limited company incorporated in the People's Republic of China)*

**(Stock Code: 00338)**

**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND ITS APPENDIX**

The board of directors (the “Board”) of Sinopec Shanghai Petrochemical Company Limited (the “Company”) announces that in light of the circumstances of the Company and to further enhance the governance of the Company, the Board proposed to make the following amendments to the articles of association (the “Articles of Association”) of the Company and its appendix. The amendments are set forth as follows:

**1. Proposed Amendments to Articles of Association**

<b>Current Article in Articles of Association</b>	<b>Proposed Amendment to the Article</b>
<b>Addition</b>	<b>Article 11</b> In accordance with the Company Law and the Constitution of the Communist Party of China (the "Party"), the Company hereby set up Party organizations. The Party organizations play the role of political core in the Company. The Company shall set up related Party working organs and maintain an adequate level of staffing to handle Party affairs as well as sufficient funding necessary for the activities of the Party organizations.
<b>Article 113</b> .....Each specialist committee shall have the following basic responsibilities.....	<b>Article 114</b> .....Each specialist committee shall have the following basic responsibilities... 4) Major responsibilities of the strategic committee are: (i) to study the development strategies of the Company and advise the Board on the same; (ii) to study any single project with an investment representing more than 5% of the latest audited net assets of the Company and advise the Board on the same; (iii) to study material investment proposals and material investment projects that are subject to the decision of the Board, and other material matters that will affect the development of the Company, at the request of the Chairman, more than half of the Independent Directors or more than one-third of the Directors and advise the Board on the same;

	<ul style="list-style-type: none"> <li>(iv) to perform other duties as assigned by the Board;</li> <li>(v) to fulfil other responsibilities as imposed by the securities regulatory authorities in domestic and foreign places where the Company is listed;</li> <li>(vi) to inspect and study the implementation of the above matters and propose any suggestions for improvement and adjustment to the Board on a timely basis.</li> </ul>
<b>Addition</b>	<b>Article 127</b> If any matters to be resolved by the Board involve significant matters such as direction of reform and development, key objectives, and priority operational arrangements of the Company, the board of directors should seek advice from the Party committee. When the board of directors appoints the management personnel of the Company, the Party committee shall consider and provide comments on the candidates for management positions nominated by the board of directors or the president, or recommend candidates to the board of directors and/or president.

**Remarks: There are two additional articles for the proposed amendment. Subsequent existing articles will be renumbered accordingly.**

**2. Proposed Amendments to Rules of Procedures for the Board of Directors’ Meetings**

<b>Current Article in the Rules of Procedures</b>	<b>Proposed Amendment to the Article</b>
<p><b>Article 3</b> The Board shall establish audit, nomination, remuneration and appraisal, and other special committees. These special committees shall consider specific matters and give their opinions and proposals for the Board’s reference when the Board makes decisions... ..</p> <p>Each specialist committee shall have the following basic responsibilities.....</p>	<p><b>Article 3</b> The Board shall establish audit, nomination, strategic, remuneration and appraisal, and other special committees. These special committees shall consider specific matters and give their opinions and proposals for the Board’s reference when the Board makes decisions.....</p> <p>Each specialist committee shall have the following basic responsibilities...</p> <p>(4) Major responsibilities of the strategic committee are:</p> <ul style="list-style-type: none"> <li>(i) to study the development strategies of the Company and advise the Board on the same;</li> <li>(ii) to study any single project with an investment representing more than 5% of the latest audited net assets of the Company and advise the Board on the same;</li> <li>(iii) to study material investment proposals and material investment projects that are subject to the decision of the Board, and other material matters that will affect the development of the Company, at the request of the Chairman, more than half of the Independent Directors or more than one-third of the Directors and advise the Board on the same;</li> <li>(iv) to perform other duties as assigned by the Board;</li> <li>(v) to fulfil other responsibilities as imposed by the securities regulatory authorities in domestic and foreign places where the Company is listed;</li> </ul>

	(vi) to inspect and study the implementation of the above matters and propose any suggestions for improvement and adjustment to the Board on a timely basis.
<b>Addition</b>	<b>Article 5</b> If any matters to be resolved by the Board involve any significant matters such as direction of reform and development, key objectives, and priority operational arrangements of the Company, the board of directors should seek advice from the Party committee. When the board of directors appoints the management personnel of the Company, the Party committee shall consider and provide comments on the candidates for management positions nominated by the board of directors or the president, or recommend candidates to the board of directors and/or president.

**Remarks: There is one additional article for the proposed amendment. Subsequent existing articles will be renumbered accordingly.**

The above proposed amendments to the Articles of Association and the appendix are subject to shareholders' approval by way of a special resolution at the 2016 annual general meeting of the Company.

A circular containing, among other things, more details of the proposed amendments to the Articles of Association and the appendix will be despatched to the shareholders of the Company in due course.

By Order of the Board  
**Sinopec Shanghai Petrochemical Company Limited**  
**Wang Zhiqing**  
*Chairman*

Shanghai, the PRC, 27 April 2017

*As at the date of this announcement, the executive directors of the Company are Wang Zhiqing, Wu Haijun, Gao Jinping, Jin Qiang and Guo Xiaojun; the non-executive directors of the Company are Lei Dianwu and Mo Zhenglin; and the independent non-executive directors of the Company are Choi Ting Ki, Zhang Yimin, Liu Yunhong and Du Weifeng.*