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Sinopec Shanghai Petrochemical Company Limited

中國石化上海石油化工股份有限公司

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

(Stock Code: 00338)

Connected Transaction Procurement Contract

On 24 April 2024, the Board considered and approved that the Company (as the vendor) proposed to enter into the Procurement Contract with Precious Metals Branch (as the purchaser), pursuant to which, the Company shall sell the Subject Assets it held to Precious Metals Branch and Precious Metals Branch shall pay approximately RMB236,230,000 (including tax in total) to the Company. The Procurement Contract will be signed before 30 April 2024.

As at the date of this announcement, Sinopec Corp. holds 5,459,455,000 A shares of the Company, representing approximately 50.55% of the Company's issued share capital, and therefore is the controlling shareholder of the Company. Precious Metals Branch is a branch of Sinopec Catalyst Company Limited, a wholly-owned subsidiary of Sinopec Corp. and is an associate of Sinopec Corp. Therefore, according to Chapter 14A of the Hong Kong Listing Rules, Precious Metals Branch is a connected person of the Company and entering into the Procurement Contract constitutes a connected transaction of the Company.

As the highest applicable percentage ratio of the Procurement Contract exceeds 0.1% but is less than 5%, entering into the Procurement Contract is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules.

On 24 April 2024, the Board considered and approved that the Company (as the vendor) proposed to enter into the Procurement Contract with Precious Metals Branch (as the purchaser), pursuant to which, the Company shall sell the Subject Assets it held to Precious Metals Branch and Precious Metals Branch shall pay approximately RMB236,230,000 (including tax in total) to the Company. The Procurement Contract will be signed before 30 April 2024.

PROCUREMENT CONTRACT

The key terms of the Procurement Contract are summarized as follows:

Parties:	Vendor: the Company Purchaser: Precious Metals Branch
Subject Assets:	139.5715 tons of silver-containing spent catalyst held by the Company
Consideration and payment:	The total consideration of the Procurement Contract is approximately RMB236,230,000 (including tax in total). Based on the needs of the Company, parties shall negotiate for settlement by tranches and the Company will issue VAT special invoices to Precious Metals Branch.
Delivery manner of the Subject Assets:	Precious Metals Branch and its designated recycling units holding legally valid qualifications shall pick up the goods by road transport at the location designated by the Company at the time agreed by both parties. Freight shall be borne by Precious Metals Branch.
Risks and ownership of the Subject Assets:	Risks and ownership of the Subject Assets are transferred to Precious Metals Branch after the time of delivery.
Default liabilities:	In the event that the Company fails to deliver the Subject Assets in a timely manner or Precious Metals Branch returns the goods, the defaulting party shall be liable to pay a liquidated damages of 5% of the payment for the undeliverable Subject Assets or the returned part of the goods. In the event of other defaults, the defaulting party shall compensate the other party for the losses caused. If it is the fault of both parties, each party shall bear the corresponding responsibility.
Effectiveness:	The Procurement Contract shall be effective since the date of signature and seal by parties and shall remain in force until 31 December 2025.

BASIS FOR THE CONSIDERATION

The consideration of the Subject Assets was determined at the unit price of silver in the silver-containing spent catalyst based on the settlement price of GB No.1 silver in Shanghai Huatong Market of the Ebaiyin.com (中國白銀網) from 15 March 2024 to 15 April 2024, with a deduction of 7% for fees. The consideration was determined based on arm's length negotiation between the parties and upon the completion of internal decision-making procedures.

The pricing of the Subject Assets is objective and fair, and is not prejudicial to the interests of the Company or shareholders.

INFORMATION OF THE SUBJECT ASSETS

The Subject Assets are 139.5715 tons of silver-containing spent catalyst held by the Company. The ownership of the Subject Assets is explicit. There are no mortgages, pledges and any other restrictions on transfer, no litigation, arbitration or judicial measures such as seizure or freezing involved, and no other circumstances that may hinder the transfer of ownership.

As of 31 December 2023, the original book value of the Subject Assets was RMB197,289,500, the net book value was RMB92,501,500, and the provision for depreciation, amortization or impairment was RMB104,788,000 (audited).

FINANCIAL IMPACTS AND USE OF PROCEEDS

Based on the existing information available to the Company, it is estimated that the revenue from the sales of the Subject Assets by the Company to Precious Metals Branch will be approximately RMB116,550,700, which was determined with reference to the net book value of the Subject Assets as of 31 December 2023 and the consideration for the transfer (excluding VAT). The Company has held the Subject Assets for more than one year and proposes to use the proceeds from the transfer of the Subject Assets as general operating capital.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROCUREMENT CONTRACT

The transactions under the Procurement Contract will help to revitalize the idle assets of the Company and optimize the asset structure of the Company. The Board is of the view that Precious Metals Branch is in sound financial positions and has the ability to pay. The transactions under the Procurement Contract will help to improve the future financial positions of the Company, will have no material effect on the Company's future operating results and will not result in new connected transactions, horizontal competition, or occupation of non-operating capital of the Company by controlling shareholders of the Company and their connected persons.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, Sinopec Corp. holds 5,459,455,000 A shares of the Company, representing approximately 50.55% of the Company's issued share capital, and therefore is the controlling shareholder of the Company. Precious Metals Branch is a branch of Sinopec Catalyst Company Limited, a wholly-owned subsidiary of Sinopec Corp. and is an associate of Sinopec Corp. Therefore, according to Chapter 14A of the Hong Kong Listing Rules, Precious Metals Branch is a connected person of the Company and entering into the Procurement Contract constitutes a connected transaction of the Company.

As the highest applicable percentage ratio of the Procurement Contract exceeds 0.1% but is less than 5%, entering into the Procurement Contract is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules.

APPROVAL OF THE BOARD

On 24 April 2024, the Board considered and approved entering into the Procurement Contract. The Directors including Mr. Du Jun and Mr. Xie Zhenglin, due to their positions held in the connected persons, abstained from voting at the meeting of the Board.

The Board (including independent non-executive Directors) is of the view that the transactions under the Procurement Contract are carried out in the ordinary and usual course of business of the Company on normal commercial terms upon fair negotiation between the parties, and the relevant transaction terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

According to the Shanghai Listing Rules, relevant information on the signing of the Procurement Contract has been submitted to a special meeting of independent non-executive Directors prior to the approval of the Board, for convenience in terms of its review and approval. At the 4th special meeting of independent Directors of the 11th session of the Board, all independent non-executive Directors including Mr. Tang Song, Mr. Chen Haifeng, Mr. Yang Jun, Ms. Zhou Ying and Mr. Huang Jiangdong unanimously agreed on the Procurement Contract and approved that relevant proposal would be submitted to the Board for consideration.

GENERAL INFORMATION

The Company

Located at Jinshanwei in the southwest of Shanghai, the People's Republic of China, the Company is a highly integrated petrochemical enterprise which mainly processes crude oil into a broad range of petroleum products and chemical products.

Precious Metals Branch

Precious Metals Branch is a limited liability company established in the People's Republic of China, and its principal activities are the sale of metal chains and other metal products; the sale of metal materials; the processing and treatment of metal wastes and scrap; the processing of renewable resources; leasing services (excluding permitted leasing services); the sale of chemical products (excluding permitted categories of chemical products); technical services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; import and export of goods; import and export agency; storage equipment leasing services, etc.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Company”	Sinopec Shanghai Petrochemical Company Limited, a joint stock company incorporated in the People’s Republic of China and listed on the Main Board of the Hong Kong Stock Exchange (stock code: 00338) as well as in the Shanghai Stock Exchange (stock code: 600688), with the ultimate beneficial owner being the State-owned Assets Supervision and Administration Commission of the State Council
“Sinopec Corp.”	China Petroleum & Chemical Corporation, a joint stock company incorporated in the People’s Republic of China and listed on the Main Board of the Hong Kong Stock Exchange (stock code: 00386) as well as in the Shanghai Stock Exchange (stock code: 600028), with the ultimate beneficial owner being the State-owned Assets Supervision and Administration Commission of the State Council
“Precious Metals Branch”	Precious Metals Branch of Sinopec Catalyst Company Limited, a limited liability company incorporated in the People’s Republic of China, with the ultimate beneficial owner being the State-owned Assets Supervision and Administration Commission of the State Council
“Subject Assets”	139.5715 tons of silver-containing spent catalyst held by the Company
“Procurement Contract”	the Procurement Contract for Precious Metal Containing Spent Catalyst to be entered into by the Company with Precious Metals Branch
“Board”	the board of Directors of the Company
“Director(s)”	director(s) of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Shanghai Listing Rules”	Rules Governing the Listing of Stocks on Shanghai Stock Exchange

“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage

By Order of the Board
Sinopec Shanghai Petrochemical Company Limited
Liu Gang
Joint Company Secretary

Shanghai, the PRC, 24 April 2024

As at the date of this announcement, the executive Directors of the Company are Guan Zemin, Du Jun and Huang Xiangyu; the non-executive Directors of the Company are Xie Zhenglin and Qin Zhaohui; and the independent non-executive Directors of the Company are Tang Song, Chen Haifeng, Yang Jun, Zhou Ying and Huang Jiangdong.