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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)

OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is published pursuant to the disclosure obligations under Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The announcement of the Company published on the website of the Shanghai Stock Exchange is set out herein.

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

Shanghai, the PRC, 16 August 2024

As at the date of this announcement, the executive directors of the Company are Guo Xiaojun, 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.

Sinopec Shanghai Petrochemical Company Limited**ANNOUNCEMENT ON 2024 ACTION PLAN FOR
“IMPROVING QUALITY AND EFFICIENCY AND FOCUSING ON
RETURN”**

The Board of Directors of the Company and all the Directors warrant that there are no false representation, misleading statements or material omissions in this announcement, and accept legal responsibilities for the truthfulness, accuracy and completeness of its contents.

In order to thoroughly implement the spirit of the 20th National Congress of the Communist Party of China and the Central Financial Work Conference, seriously implement the Opinions on Further Improving the Quality of Listed Companies (《關於進一步提高上市公司品質的意見》) of the State Council and actively respond to the Shanghai Stock Exchange’s (the “SSE”) Initiative on Launching the Special Action of “Improving Quality and Efficiency and Focusing on Return” for SSE Listed Companies, Sinopec Shanghai Petrochemical Company Limited (“Sinopec Shanghai”, or the “Company”) formulated the 2024 Action Plan for “Improving Quality and Efficiency and Focusing on Return”, to further promote the Company to achieve high-quality development and enhance the level of return and sense of gain of investors. The action plan is summarized as follows:

**I. INNOVATION EMPOWERING TRANSFORMATION AND
UPGRADING, ACCELERATING THE CULTIVATION OF NEW QUALITY
PRODUCTIVITY**

Continuing to adhere to the main line of high-quality development, combined with the development direction of “conversion of crude oil into chemicals” (油轉化) and “conversion of crude oil into specialty products” (油轉特) in refining oil segment, and “energy + materials” “basic + high-end” in chemical segment, and together with the requirements of North-South Transformation raised by Shanghai Government and the construction of Carbon Valley Green Bay industrial park in Jinshan District, the Company will aim at the goal of building a “Leading Domestically, First-class Globally” company specialized in energy chemical products and new materials, and actively promote comprehensive technological transformation, realize cleaner oil refining process and greener ethylene production, and promote the industrial transformation and upgrading. The third circuit 220kV power supply line project has completed and has been put into operation and connected to the grid, and the aviation fuel pipeline from Jinshan to Hongqiao Airport has been put into operation and connected to the grid, on that basis, the Company will realize the infrastructure construction of the renovation project for power units cleaning and

efficiency improving, and complete the 250,000 tons/year elastomers joint venture project.

The Company will actively strengthen the industries chain of mid-to-high-end new materials with carbon fiber as the core, and take polyolefin, elastomer, and C-5 downstream fine chemical new materials as breakthrough and extension. Focusing on the strategic new materials major special research tasks, the Company will comprehensively promote research and market development of key application fields of carbon fiber and its composite materials based on the first phase of the 48K large-tow carbon fiber project that has completed and has been put into production and the 100-ton level high performance carbon fiber project that has completed the construction, the pilot plant for the industrialization of aerospace composite materials that has completed the construction, the demonstrative application of carbon fiber products that has achieved in the fields of wind turbine blades, rail transportation, construction bridges, etc., and the Carbon Fiber Winter Olympics Torch Project that won the prize of the 23rd industrial fair. The Company will improve the MPRC working mechanism, sort out the status quo of the existing high value-added advantageous products, research and develop the production of specialty materials for anti-impulse copolymerization membrane, the high-permeability polypropylene products and reaching the industry benchmark level, and the comprehensive performance of medical polypropylene syringe specialty materials reaching the advanced level of similar imported products.

The Company will actively promote new energy business. The Company will develop wind, solar, coal, and biochemistry integrated power generation technology, and endeavor to promote the energy structure transformation from fossil energy to “fossil energy and renewable energy”, so as to achieve the energy saving, consumption reduction and green low-carbon development. At present, four photovoltaic power projects have been put into operation, with a total installed capacity of 16 MW and an average annual power output of 18.86 million kWh. The Company will proactively participate in the electricity and carbon emission market transactions for green power trading. The Company has constructed a hydrogen fuel cell hydrogen supply center, and the first phase of the project has been formally completed and put into operation, which can meet the demand for filling 2 tons/day of hydrogen for hydrogen fuel cells and 0.5 ton/day of hydrogen refueling.

The Company will comprehensively enhance its digital and intelligent production, operation and management and control capabilities. With integrated production control, integrated supply chain optimization, and equipment integrity management as the main line, and the digital transformation, intelligent transformation and network connectivity as the starting point, the Company will accelerate the construction of intelligent workshops, factories, logistics and parks to build modern intelligent factories with integrated production management and control, integrated supply chain optimization and equipment integrity monitoring to facilitate the new industrialization of the petrochemical industry.

II. IMPLEMENTING VARIOUS MEASURES TO OPTIMIZE BUSINESS

AND STRIVE FOR IMPROVING OPERATING PERFORMANCE

The Company will insist on pursuing progress while ensuring stability and consolidating stability through advancement, focusing on the main business and practicing hard and taking various measures to reduce costs and fees, striving to optimize production and create efficiency, enhancing the profitability, and achieving a turnaround of losses to profits in the first half of this year.

The Company will deepen its production and operation to optimize the creation of efficiency. On the basis of adapting to the processing capacity of the plant, the Company will continue to follow the route of heavy and inferior quality to optimize crude oil procurement in response to the price difference between high and low sulphur. In accordance with the principle of optimal efficiency of refining and chemical integration, the Company will select the optimal processing volume, keep a close eye on changes in demand, increase the production of jet fuel and reduce diesel fuel, and optimize the structure of refined oil products. The Company will continue to carry out industrial chain marginal benefit calculation, keep a close eye on the optimization of the raw material structure to reduce costs, optimize the chemical product structure, increase the production of high-margin products, and carry out suspended production of negative-margin devices. The Company will focus on customer-oriented, close to the market, and strengthen the development of new products, specialty materials and market development.

The Company will optimize cost control to reduce fees. The Company will adhere to the concept of “all costs are controllable”, strengthen the management and control of cost sources, deepen the analysis of plant cost drivers, strengthen the control of plant fuel consumption, strengthen the cost reduction in procurement of three agents and auxiliary materials, etc., and strictly control the expenditure of non-productive costs. The Company will also promote zero-based budgeting for costs and expenses, focus on exploiting potential for cost reduction in key costs and expenses, and strive to realize balances for monthly budget counting wins. It will construct a strategic cost management and control system of all-employee, all-factor, all-value-chain, all-life-cycle, to enhance the level of cost lean management.

The Company will optimize energy-saving management to reduce consumption. The Company will focus on controlling the intermediate utilization of energy, formulating energy-saving plans and improving the examination and evaluation system. The Company will strengthen inter-disciplinary collaboration to promote energy-saving management, give full play to the role of six major energy-saving research groups, such as heating furnace optimization and energy monitoring capacity enhancement, to promote the implementation of key energy-saving projects. The Company will actively carry out energy efficiency benchmarking of equipment and promote efficiency monitoring of key energy-consuming equipment. It will establish a fuel unit calorific value cost model to optimize the fuel structure, and strengthen the management of power generation and consumption in “Peak, Valley and Normal Periods” (峰、谷、平). It will also optimize the coal procurement strategy to achieve the optimized overall cost of coal procurement consumption, promote the green and low-carbon development, and enhance the economic efficiency.

III. ENHANCING MARKET VALUE MANAGEMENT AND INCREASING INVESTORS' RETURNS

The Company will attach great emphasis on investors' returns, implementing a continuous and stable profit distribution policy after taking into account the common interests of all shareholders and the principle of long-term sustainable development of the Company. In the 31 years since the Company's listing, it has raised a total of RMB 2,418 million and HK\$ 4,034 million, realized a cumulative net profit attributable to the parent company of RMB 38.5 billion, and issued a cumulative dividend of RMB 23.9 billion.

In 2024, Sinopec Shanghai will further focus on value creation, and on the basis of achieving a turnaround of losses to profits in the first half of the year, it will make further efforts to improve its operating performance. If the annual performance realizes profitability, the Company will issue annual cash dividends, with the dividend percentage not less than 50% of the annual profit.

The Company will continue to conduct share buybacks for cancellation to increase the value per share. In response to the lack of dividends due to losses in the past two years, the Company has actively carried out the share buybacks and cancellation. From 2022 to the first half of 2024, the Company has cumulatively repurchased and canceled more than 148 million H shares, and the Company's total share capital has decreased from RMB10,824 million to RMB 10,675 million, and the net asset per share has been increased from RMB2.30/share to RMB2.34/share, which was calculated on the basis of audited net assets in 2023. The Company's 2023 annual general meeting, the first A shareholders class meeting for 2024, and the first H shareholders class meeting for 2024 held on 6 June 2024 have granted the Board of Directors a general mandate to repurchase shares. In order to safeguard the stock value and shareholders' interests, the Company will actively study the reasonableness and feasibility of share repurchase and promote the market value management in compliance with the law.

IV. FURTHER STRENGTHENING INVESTOR COMMUNICATION UNDER THE CONCEPTION OF INVESTOR-ORIENTED

In 2024, under the premise of ensuring the truthfulness, accuracy and completeness of the disclosures, the Company will focus on investors' demand, highlight the importance and pertinence of information disclosure, regularly analyze and sort out hot issues of investor concern, proactively disclose information useful to investors in making investment decisions, and enhance the disclosure of key information, such as industry conditions, company businesses, and risk factors in periodic reports, so as to provide adequate information for investors' value judgment and investment decisions. The Company will also strengthen voluntary disclosure to convey the Company's intrinsic value and investment potential.

The Company will enrich the forms of investor communication and enhance transparency. The Company will further expand its communication channels and carry out targeted investor communication through multiple platforms, methods and

channels. The Company will make full use of the Company’s performance conference, roadshow, performance presentation, brokerage strategy meeting, visit reception and other channels to strengthen investor communication, and plan to complete five on-site performance conferences and online performance presentations for the year. Utilizing digital technology, the Company will actively communicate and interact with investors through various forms such as live broadcasts, video conferences and teleconferences. The Company will adopt explanatory sessions, graphic briefings, short videos and other visual forms to interpret periodic reports and interim announcements, so as to improve the readability of the announcements. The Company plan to conduct reverse roadshows and special public open days twice and invite investors to conduct on-site research at the Company to gain a deeper understanding of the actual production and operation of the Company, so as to continuously enhance the sense of identity of investors and other stakeholders.

V. ADHERING TO COMPLIANCE OPERATIONS AND CONTINUOUSLY IMPROVING GOVERNANCE

In 2024, Sinopec Shanghai will further strengthen the awareness of compliance and continuously improve the level of corporate governance and standardized operation level on the basis of long-term adherence to standardized operation. In terms of institutional mechanism, in accordance with the requirements of the new Company Law and regulatory rules, the Company promptly amended the Articles of Association, Rules of Procedure of the Board of Directors, Rules of Procedure of Specialized Committees and other corporate governance systems. The Company will strengthen the construction of the “Three Lines of Defense” operational mechanism for business, legal compliance and review and supervision in line with corporate governance and operation management to prevent and resolve significant risks. The Company will give full play to the role of independent Directors in respect of decision-making involvement, supervision and independence as well as professional consultation by introducing the function of prior discussion by independent Directors on major matters into the mechanism of special committees of the independent Directors.

The Company will strengthen the functioning of the Strategy and ESG Committee of the Board of Directors, integrate ESG into the entire process of corporate development strategy and operation, and promote the deep integration of ESG with the Company’s production and operation. In accordance with the regulatory requirements of Shanghai and Hong Kong, the Company will benchmark the excellent practices in the industry, focus on the actions and effectiveness of corporate governance, response to climate change, safety and environmental protection, and service to the community, and prepare and publish high-quality ESG reports in conjunction with professional organizations, to demonstrate the Company’s responsibility and commitment as a listed companies controlled by central enterprises.

The Company will continue to strengthen the sense of responsibility and standardization of the controlling shareholders, de facto controllers, Directors, Supervisors and senior management of the Company as the “key minority”, and to

reinforce the constraints on risk-sharing and benefit-sharing between them and the Company, as well as the small and medium-sized shareholders. The Company will regularly arrange a team of lawyers from Shanghai and Hong Kong to conduct training on the standard performance of duties for the Company's Directors, Supervisors and senior management and will organize the abovementioned persons to participate in the various types of training organized by the CSRC, the Stock Exchange and other regulatory organizations as required. The Company will fully implement the tenure system for members of the management and contractual management to provide effective protection for the sustainable development of the Company and the interests of shareholders.

VI. OTHER INFORMATION

The Action Plan for "Improving Quality and Efficiency and Focusing on Return" is formulated based on the Company's current conditions and needs to be considered by the Board of Directors of the Company, and the forward-looking statements involved in the plan do not constitute a commitment by the Company to the investors. It may be affected by changes in the domestic and international market environment, policies and regulations and other factors with uncertainty. The Company will continue to evaluate the specific implementation of the Action Plan for "Improving Quality and Efficiency and Focusing on Return". Investors are advised to pay attention to investment risks.

Board of Directors of Sinopec Shanghai Petrochemical Company Limited
16 August 2024