
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sinopec Shanghai Petrochemical Company Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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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 PRC)***(Stock Code: 00338)**

**(1) INVESTMENT IN THE COMPREHENSIVE TECHNOLOGICAL
TRANSFORMATION AND QUALITY UPGRADING PROJECT**

**(2) INVESTMENT IN THE CONSTRUCTION PROJECT OF THE LARGE-TOW
CARBON FIBER OUTSIDE OF SHANGHAI**

AND

(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

Sinopec Shanghai Petrochemical Company Limited will hold the EGM at the North Building of Jinshan Hotel, No. 1, Jinyi East Road, Jinshan District, Shanghai, the PRC on Wednesday, 19 February 2025 at 2:00 p.m. The notice of the EGM is set out on pages 8 to 10 of this circular.

Whether or not you are able to attend the EGM in person, please complete the form of proxy of the Company in accordance with the instructions thereon as soon as practicable and return it to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in any event not less than 24 hours before the time for holding the EGM or any adjournment thereof (as the case may be).

Completion and return of the form of proxy of the Company will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) as you wish. In such event, the form of proxy shall be deemed to be revoked.

A shareholder or his/her/its proxy shall produce required identification documents, and provide information which enables the Company to confirm his/her/its identity as a shareholder. For details, please refer to Note II "Registration procedures for attending the EGM" of the notice of the EGM.

26 January 2025

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of directors of the Company
“Company or “SPC”	Sinopec Shanghai Petrochemical Company Limited, a joint stock limited company incorporated in the PRC and listed on the Main Board of the Hong Kong Stock Exchange (stock code: 00338) as well as on the Main Board of the Shanghai Stock Exchange (stock code: 600688)
“Director(s)”	the director(s) of the Company, including independent non-executive directors
“EGM”	the 2025 first extraordinary general meeting to be held by the Company at the North Building of Jinshan Hotel, No. 1, Jinyi East Road, Jinshan District, Shanghai, the PRC on Wednesday, 19 February 2025 at 2:00 p.m.
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Shareholder(s)”	the shareholders of the Company who/which hold H shares of the Company
“Latest Practicable Date”	23 January 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“PRC”	the People’s Republic of China and, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company

LETTER FROM THE BOARD



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 PRC)

(Stock Code: 00338)

Executive Directors:

Guo Xiaojun
Guan Zemin
Du Jun
Huang Xiangyu

Non-executive Directors:

Xie Zhenglin
Qin Zhaohui

Independent non-executive Directors:

Tang Song
Chen Haifeng
Yang Jun
Zhou Ying
Huang Jiangdong

Registered Office in the PRC:

48 Jinyi Road
Jinshan District, Shanghai, the PRC

Principal Place of Business in Hong Kong:

Room 605, Island Place Tower
510 King's Road, North Point, Hong Kong

26 January 2025

To H Shareholder(s)

Dear Sir or Madam,

**(1) INVESTMENT IN THE COMPREHENSIVE TECHNOLOGICAL
TRANSFORMATION AND QUALITY UPGRADING PROJECT**
**(2) INVESTMENT IN THE CONSTRUCTION PROJECT OF THE LARGE-TOW
CARBON FIBER OUTSIDE OF SHANGHAI**
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

Reference is made to the announcement dated 14 January 2025 of the Company in relation to the investment in the comprehensive technological transformation and quality upgrading project.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with the detailed information on the proposed resolutions to be considered and approved at the EGM to enable you to make an informed decision on whether to vote for or against the resolutions. The resolutions and details are set out in this Letter from the Board.

II. INVESTMENT IN THE COMPREHENSIVE TECHNOLOGICAL TRANSFORMATION AND QUALITY UPGRADING PROJECT

1. Introduction of the Project

In order to respond to the national requirements on energy saving, carbon reduction and safety and environmental protection, based on the economic development and market requirements in Shanghai and its surrounding areas, relying on existing corporate foundation to give full play to the advantages of refining and chemical integration, optimize resources allocation, develop high-end chemical materials, promote corporate transformation and upgrading, enhance corporate competitiveness and facilitate the high quality corporate development, SPC proposed to invest approximately RMB21.307 billion, on the premise of maintaining its capacity in crude oil processing, to promote the comprehensive technological transformation and quality upgrading of the Company through structural adjustment of oil refining devices by shutting down the existing 18 sets of devices (including 0.7 million tons ethylene/year devices) and installing new 1.20 million tons ethylene/year and downstream new materials devices.

On 14 January 2025, the Company convened the 13th meeting of the eleventh session of the Board, and considered and approved the comprehensive technological transformation and quality upgrading project of SPC (the “**Quality Upgrading Project**”). The Quality Upgrading Project is subject to consideration and approval at the EGM.

The Quality Upgrading Project is neither a related transaction nor a material asset restructuring and does not constitute a transaction under Chapter 14 and Chapter 14A of the Hong Kong Listing Rules.

2. Basic Information of the Quality Upgrading Project

- (1) Name of the project: the comprehensive technological transformation and quality upgrading project of SPC.
- (2) Investment entity: SPC.
- (3) Subject matter of the investment: structural adjustment of oil refining devices and installation of 1.20 million tons ethylene/year and downstream new materials devices.
- (4) Investment amount and funding source: the Company plans to invest approximately RMB21.307 billion, with funds sourced from the Company’s self-raised capital.

LETTER FROM THE BOARD

- (5) Construction period: the construction period for the main entity of the Quality Upgrading Project is approximately 3 years and the construction period for the other equipment is approximately 5 years, subject to actual construction progress.
- (6) Market positioning and feasibility analysis: after the Quality Upgrading Project is put into operation, it will improve the variety and production capacity of new material products of SPC and increase the production of raw materials for new materials. The Quality Upgrading Project has a clear development direction, a broad market prospect and satisfactory performance in terms of technological and economic indicators. Its product energy consumption per unit can meet the mandatory national requirement regarding energy consumption standards, with competitive product costs, controllable safety risks and stronger overall competitiveness.

3. Impact of the Project on the Company

The Quality Upgrading Project can enhance effectively the Company's energy efficiency, intrinsic safety and environmental protection levels, and improve its integrated competitiveness. The implementation of the Quality Upgrading Project will not change the Company's principal business.

4. Risks Analysis of External Investment

The Quality Upgrading Project may be affected by suppliers, engineering technology and force majeure and other factors, and may be subject to the risk of delay. There is a risk that the Quality Upgrading Project may not be implemented if the Company is unable to obtain the administrative approval required for the commencement of the Quality Upgrading Project. The Company will fully communicate with relevant suppliers, service providers and government agencies to avoid delay or failure in commencement of the project. In case of delay or failure in commencement of the project, the Company will actively prepare corresponding plans to minimize the Company's losses.

III. INVESTMENT IN THE CONSTRUCTION PROJECT OF THE LARGE-TOW CARBON FIBER OUTSIDE OF SHANGHAI

1. Project Overview

Currently, the Company's phase I project, involving 24,000 tons/year of precursor production and 12,000 tons/year of 48K large-tow carbon fiber production, has been completed, with a production capacity of 24,000 tons/year of 48K precursor and 6,000 tons/year of 48K large-tow carbon fiber, meeting all the performance calibration. Based on a comprehensive evaluation of the construction and operational performance of phase I, and to further advance the Company's large-tow carbon fiber business and enhance the Company's competitiveness and sustainable development capabilities, the Company plans to invest approximately RMB3.196 billion (excluding VAT) to construct a new large-tow carbon fiber project. The carbon fiber part of the project will be situated in the Sulige Economic Development Zone, Ordos City, Inner

LETTER FROM THE BOARD

Mongolia Autonomous Region, which is planned to be commenced through establishing a new wholly-owned subsidiary; while the precursor part will be situated in the existing factory area of the Company in Jinshan District, Shanghai.

On 26 January 2025, the Company convened the 14th meeting of the eleventh session of the Board, and considered and approved the construction project of the large-tow carbon fiber outside of Shanghai of SPC (“**Carbon Fiber Project**”) was approved. The Carbon Fiber Project is subject consideration and approval at the EGM.

The Carbon Fiber Project is neither a related transaction nor a material asset restructuring and does not constitute a transaction under Chapters 14 and 14A of the Hong Kong Listing Rules.

2. Basic Information of the Project

1. Name of the project: construction project of the large-tow carbon fiber outside of Shanghai of SPC.
2. Investment entities: precursor part: the Company; carbon fiber part: Inner Mongolia New Jinshan Carbon Fiber Co., Ltd.* (內蒙古新金山碳纖維有限公司), a new wholly-owned subsidiary to be established by the Company, with a registered capital of RMB20 million and the scope of business including manufacturing of high-grade fiber and composite materials; sales of high-grade fiber and composite materials; sales of graphite and carbon products; manufacturing of graphite and carbon products; manufacturing of synthetic fibers; sales of synthetic fibers; sales of synthetic materials; research and development of recycling technology of carbon fibers; technological services, technological research and development, technological consultation, technological exchange, technological transfer and technological promotion; technological research and development of new materials; storage services of general goods (excluding items requiring license and approval, such as hazardous chemicals) (tentative and subject to the final approval result of relevant authorities).
3. Subject matter of the investment: precursor part: construction of 60,000 tons/year large-tow precursor devices in the existing factory area of the Company in Jinshan District, Shanghai; carbon fiber part: construction of 30,000 tons/year large-tow carbon fiber devices in the Sulige Economic Development Zone, Ordos City, Inner Mongolia Autonomous Region.
4. Investment amount and funding source: the Company plans to invest approximately RMB3.196 billion (excluding VAT), of which RMB0.953 billion will be invested in the precursor part and RMB2.243 billion will be invested in the carbon fiber part, with funds sourced from the Company’s self-raised capital.
5. Construction period: 3 years.

LETTER FROM THE BOARD

6. Market positioning and feasibility analysis: the Carbon Fiber Project's products are large-tow carbon fibers, primarily targeting the pultruded panels market for wind turbine blades. These products can also be applied in the rail transit and civil reinforcement sectors, with active expansion into the low-altitude aviation industry. The investment and construction of the Carbon Fiber Project align with the national and local industrial policies and is in line with SPC's development strategy of the transformation of oil refining to chemical industry, chemical industry to materials, materials to high-end products, and parks to ecology. The Carbon Fiber Project is an upstream and downstream integrated industrial device with a controllable supply of raw materials. The newly constructed upstream precursor devices will be situated in SPC, leveraging on SPC's competitive technological storage and human resources, as well as making full use of its existing public and auxiliary projects and idle sites, with the supply of main raw materials being secured by the stable acrylonitrile production capacity in East China nearby. The planned newly constructed downstream carbon fiber devices have its main raw materials, precursors, being provided by the precursor devices, and are situated in the Sulige Economic Development Zone in Ordos, an area rich in energy resources, with strong policy support, comprehensive industrial facilities, and energy and labour costs with competitive edges.

3. Impact of the Project on the Company

The Carbon Fiber Project will be beneficial to the Company in reducing carbon fiber production costs, promoting industrial restructuring, building a carbon fiber industry ecosystem, enhancing corporate competitiveness, and achieving sustainable development. The implementation of the Carbon Fiber Project will not change the Company's principal business.

4. Risks Analysis of External Investment

The Carbon Fiber Project may be affected by suppliers, engineering technology and force majeure and other factors, and may be subject to the risk of delay. There is a risk that the Carbon Fiber Project may not be implemented if the Company is unable to obtain the administrative approval required for the commencement of the Carbon Fiber Project. The Company will fully communicate with relevant suppliers, service providers and government agencies to avoid delay or failure in commencement of the project. In case of delay or failure in commencement of the project, the Company will actively prepare corresponding plans to minimize the Company's losses.

LETTER FROM THE BOARD

IV. EGM

The Company will convene the EGM at the North Building of Jinshan Hotel, No. 1, Jinyi East Road, Jinshan District, Shanghai, the PRC on Wednesday, 19 February 2025 at 2:00 p.m. The notice of the EGM is set out on pages 8 to 10 of this circular. Whether or not you are able to attend the EGM in person, please complete the proxy forms of the Company in accordance with the instructions thereon and return it to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event no later than 24 hours before the time for holding the EGM or any adjournment thereof (as the case may be).

Pursuant to Rule 13.39(4) of the Hong Kong Listing Rules, all votes at the EGM will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Hong Kong Listing Rules.

V. RECOMMENDATION

The Directors considered that the resolutions to be proposed at the EGM are fair and reasonable, and in the best interests of the Company and its Shareholders as a whole. The Directors (including the independent non-executive Directors) recommend that the Shareholders vote in favour of the resolutions at the EGM.

VI. GENERAL INFORMATION

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

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

NOTICE OF THE 2025 FIRST EXTRAORDINARY GENERAL MEETING



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 PRC)

(Stock Code: 00338)

NOTICE OF THE 2025 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the first extraordinary general meeting for 2025 (the “EGM”) of Sinopec Shanghai Petrochemical Company Limited (the “Company” or “SPC”) is to be held at the North Building of Jinshan Hotel, No. 1, Jinyi East Road, Jinshan District, Shanghai, the People’s Republic of China (the “PRC”) on Wednesday, 19 February 2025 at 2:00 p.m. for the following purposes:

Resolutions

To consider and approve the resolutions by way of non-cumulative voting:

1. THAT the investment in the comprehensive technological transformation and quality upgrading project of the Company be considered and approved.
2. THAT the investment in the construction project of the large-tow carbon fiber outside of Shanghai of the Company be considered and approved.

The above resolutions to be proposed at the EGM are ordinary resolutions, the details of which are set out in the circular of the Company, which are available on the websites of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.spc.com.cn).

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

Shanghai, the PRC, 26 January 2025

Notes:

I. Attendees of the EGM

1. Eligibility for attending the EGM

Holders of A shares of the Company whose names appear on the domestic shares register maintained by China Securities Depository & Clearing Corporation Limited Shanghai Branch and H Shareholders of the Company whose names appear on the register of members maintained by Computershare Hong Kong Investor Services Limited at the close of business on Friday, 14 February 2025 are eligible to attend the EGM. Unregistered H

NOTICE OF THE 2025 FIRST EXTRAORDINARY GENERAL MEETING

Shareholders of the Company who wish to attend the EGM shall lodge their share certificates accompanied by the transfer documents with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Thursday, 13 February 2025.

2. Proxy
 - a. A member eligible to attend and vote at the EGM is entitled to appoint, in written form, one or more proxies to attend and vote on his/her/its behalf. A proxy need not be a shareholder of the Company.
 - b. A proxy should be appointed by a written instrument signed by the Shareholder or its attorney duly authorized in writing. If the form of proxy is signed by the attorney duly authorised by the Shareholder, the power of attorney authorizing that attorney to sign or other authorization document(s) must be notarized.
 - c. To be valid, the completed form of proxy and/or the original copy of the power of attorney or other authorisation document(s) which has/have been notarised must be delivered to the statutory address of the Company not less than 24 hours before the designated time for holding the EGM (i.e., no later than 2:00 p.m. on Tuesday, 18 February 2025) or any adjournment thereof (as the case may be). Holders of A shares shall deliver the relevant document(s) to the Company (the address is Secretariat of the Board, No. 48 Jinyi Road, Jinshan District, Shanghai, the PRC, Postal code: 200540). H Shareholders shall deliver the relevant document(s) to the H shares share registrar of the Company, Computershare Hong Kong Investor Services Limited (the address is 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong). If the Company does not receive the original copy of the relevant document(s) before the aforesaid period, the shareholder will be deemed as having not attended the EGM and the relevant proxy form will be deemed void.
3. The Directors, the supervisors and the senior management of the Company
4. The legal advisors of the Company
5. Others

II. Registration procedures for attending the EGM

1. A Shareholder of the Company or his/her proxy shall produce proof of identity (identity card or passport) when attending the EGM. If the Shareholder attending the meeting is a corporate shareholder, its legal representative who attends the meeting shall produce proof of identity and proof of his/her capacity as the legal representative and shall provide information which enables the Company to confirm its identity as a corporate shareholder. Where a proxy is appointed by a Shareholder to attend the meeting, the proxy shall produce proof of identity, the written authorization duly issued by the legal representative of the corporate Shareholder, or a notarially certified copy of the resolution on authorization duly passed by the board of directors or other decision-making bodies of the corporate Shareholder and information which enables the Company to confirm the identity of the corporate Shareholder concerned.
2. Shareholders registered to attend the EGM may submit questions related to the resolution submitted at the EGM, or ask questions during the EGM. The Company will answer the questions raised by H Shareholders at the EGM and the questions submitted in advance.

NOTICE OF THE 2025 FIRST EXTRAORDINARY GENERAL MEETING

III. Miscellaneous

1. Each Shareholder or his/her/its proxy shall exercise his/her/its voting rights by way of poll.
2. The EGM is expected to last for less than a working day. Shareholders or their proxies who will attend the EGM shall be responsible for their own transportation and accommodation expenses.
3. Notes to the H Shareholders of the Company

Date of closure of register of shareholders for attending the EGM

The Company will close the register of members of the Company's H shares from Friday, 14 February 2025 to Wednesday, 19 February 2025 (both days inclusive), during which period no transfer of shares will be effected, in order to confirm its Shareholders' entitlement to attend the EGM. H Shareholders of the Company who wish to attend and vote at the EGM should lodge the completed H shares transfer documents and the relevant share certificates with the Company's H shares share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Thursday, 13 February 2025.

4. The Secretariat for the EGM is the Secretariat of the Board of Sinopec Shanghai Petrochemical Company Limited and the contact details are as follows:

No. 48 Jinyi Road, Jinshan District, Shanghai, the PRC
Postal code: 200540
Telephone: (86) 21 5794 3143
Fax: (86) 21 5794 0050