

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**CONTINUING CONNECTED TRANSACTION
STEAM SALES CONTRACT**

On 22 May 2025, the Board considered and approved the Steam Sales Contract to be entered into by the Company and Baling New Materials, pursuant to which, the Company will supply steam to Baling New Materials. It shall take effect upon signing and stamping the Steam Sales Contract by the parties and shall expire on 31 December 2025, with the fee cap of RMB106.50 million.

As at the date of this announcement, Sinopec Corp. holds approximately 51.63% of the issued share capital of the Company and is the controlling shareholder of the Company. Baling New Materials is owned as to 50% by each of the Company and Hunan Petrochemical, a non-wholly owned subsidiary of Sinopec Corp., and thus is an associate of Sinopec Corp. Therefore, according to Chapter 14A of the Hong Kong Listing Rules, Baling New Materials is a connected person of the Company and the Transaction constitutes a continuing connected transaction of the Company.

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

On 22 May 2025, the Board considered and approved the Steam Sales Contract to be entered into by the Company and Baling New Materials, pursuant to which, the Company will supply steam to Baling New Materials. It shall take effect upon signing and stamping the Steam Sales Contract by the parties and shall expire on 31 December 2025, with the fee cap of RMB106.50 million.

STEAM SALES CONTRACT

The principal terms of the Steam Sales Contract are summarized as below:

Parties:	Purchaser: Baling New Materials Vendor: the Company
Details of steam supply:	The Company shall continuously supply industrial-grade pipeline steam for thermal use at (1.3-1.4) MPa and (300±20)°C to Baling New Materials.
Pricing policy:	<p>The price of steam supply exclusive of VAT shall refer to the market price of coal and petroleum coke and, after arm's length negotiation between the parties, shall be calculated according to the following formula:</p> $P = P_0 + 0.12 * (P_m - P_{m0}), \text{ where:}$ <p>P_0: the steam benchmark price agreed between the parties to be calculated based on the market prices of coal and petroleum coke, which generally refer to the Sxcoal website;</p> <p>P_m: the standard coal market price, which generally refers to the Sxcoal website;</p> <p>P_{m0}: the base price calculated based on the standard coal market price after negotiation between the parties;</p> <p>"0.12": the proposed conversion coefficient between the standard coal price and the steam price in accordance with market steam sales transaction practices and after arm's length negotiation between the parties.</p>
Settlement method:	Cash transfer to the designated account of the Company within 5 working days after the issuance of invoice on the settlement date.
Measurement of steam supply:	The settlement amount shall be based on the readings of the Company's measuring instruments. The Company charges based on 24-hour measurement per day, with the measurement unit being metric tons.
Term of steam supply:	From the date of signing and stamping the Steam Sales Contract (expected to be no later than 31 May 2025) to 31 December 2025.

Cap and calculation basis

The fee cap is RMB106.50 million. Given that the Company has never entered into steam sales contracts with Baling New Materials, when determining the cap, the Company has considered the following: 1) During the period of the Steam Sales Contract, Baling New Materials estimates that the amount of steam used based on its production plan is approximately 90-100 tons/hour (average over the period) (approximately 500,000 tons in total); 2) The steam price refers to the market prices of coal and petroleum coke in 2024. After calculation according to the pricing formula as agreed in the Steam Sales Contract, the estimated unit price of steam supply is approximately RMB213.46/ton.

REASONS FOR AND BENEFITS OF ENTERING INTO THE STEAM SALES CONTRACT

Baling New Materials is a joint venture owned as to 50% by each of the Company and Hunan Petrochemical. Considering that Baling New Materials' 250,000 tons/year thermoplastic elastomer project is located in the vicinity of the Company, entering into the Steam Sales Contract will be beneficial to the comprehensive utilization of the Company's steam resources and reduce unit costs, while also assisting the in smooth implementation of the 250,000 tons/year thermoplastic elastomer project.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, Sinopec Corp. holds approximately 51.63% of the issued share capital of the Company and is the controlling shareholder of the Company. Baling New Materials is owned as to 50% by each of the Company and Hunan Petrochemical, a non-wholly owned subsidiary of Sinopec Corp., and thus is an associate of Sinopec Corp. Therefore, according to Chapter 14A of the Hong Kong Listing Rules, Baling New Materials is a connected person of the Company and the Transaction constitutes a continuing connected transaction of the Company.

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

BOARD APPROVAL

On 22 May 2025, the Board considered and approved to enter into the Steam Sales Contract. Directors, Mr. Guo Xiaojun, Mr. Du Jun and Mr. Xie Zhenglin, who hold positions in the connected person, abstained from voting at the Board meeting.

The Board, including the independent non-executive Directors, considers that the terms and cap of the Steam Sales Contract are entered into on normal commercial terms in the ordinary and usual course of business, are fair and reasonable, and are in the interests of the Company and its shareholders as a whole. The Steam Sales Contract and the Transaction adhere to the pricing principles of fairness,

impartiality and transparency, will not adversely affect the Company's future financial position or operating results, will not cause reliance on the connected party, nor will they affect the Company's independence.

In accordance with the Shanghai Listing Rules, prior to Board approval, relevant information regarding the signing of the Steam Sales Contract has been submitted to a special meeting of the independent non-executive Directors for their review and approval. At the 12th special meeting of the independent Directors of the eleventh session of the Board, all independent non-executive Directors, namely Mr. Tang Song, Mr. Chen Haifeng, Mr. Yang Jun, Ms. Zhou Ying and Mr. Huang Jiangdong, unanimously approved the Steam Sales Contract and endorsed its submission to the Board for deliberation.

INTERNAL CONTROL MECHANISMS FOR THE PRICING

The Company has implemented the following pricing procedures and internal control mechanisms in order to ensure that the pricing policies and terms of transactions under the Steam Sales Contract are fair and reasonable and no less favourable than the terms provided by any other independent third party:

- (1) The pricing for the transaction is determined with reference to the prevailing market prices. The Company has set up a Price Management Committee that is responsible for the overall pricing management. The sales department of the Company is responsible for collecting and compiling price information. It compares and analyses market prices for the same types of transactions in the same industry and provides a forecast on the trend of market prices. The Company actively obtains market price information through various channels, such as conducting price research through Sxcoal website and other independent providers of industry information. The market price information is provided to other departments and subsidiaries of the Company to assist in the pricing of the continuing connected transactions. By the end of every month, the Company holds a Price Management Committee meeting, with the sales centre providing the quoted prices of products and reporting conducted by the finance department. This plan will be submitted to the Price Management Committee of the Company for review and approval. The final price shall be determined by both parties of the agreement (i.e. the Company and Baling New Materials) on normal commercial terms with reference to the above price information. The finance department will be responsible for issuing product pricing catalogue, and the sales centre will implement the approved plan;
- (2) The Company's internal control department regularly conducts internal assessments on the completeness and effectiveness of the internal control measures in relation to the transactions. The legal and contract management department of the Company reviews and examines the relevant contracts rigorously, and the contract execution department monitors the transaction amounts under the Steam Sales Contract in a timely manner;

- (3) The Company implements transactions under the Steam Sales Contract in accordance with its internal control procedures. The files and ledgers for transactions are set up by designated accounting personnel. The files and ledgers are checked and verified with the connected parties' relevant personnel at least once every quarter. Such personnel review and analyse the transactions' statements and implementation of pricing policies at least once every quarter and prepare reports regularly to ensure that the transactions are conducted in accordance with the pricing policies. The transaction prices shall be compared with and analysed against the prevailing market prices for the same period in order to rectify any existing problems as well as providing suggestions for improvement;
- (4) The Board and Audit and Compliance Committee of the Company review the annual financial report, annual report and interim financial report which contain the information on the implementation of the continuing connected transactions on an annual basis. The independent non-executive Directors provide their opinions on the continuing connected transactions during the reporting periods, mainly including whether the continuing connected transactions are fair and impartial, and whether the transaction amounts incurred by the continuing connected transactions are within the cap; and
- (5) The external auditor of the Company conducts an annual audit and issues its opinions as to the implementation of the continuing connected transactions of the Company and whether the amounts incurred by the continuing connected transactions are within the cap pursuant to the requirements of the Hong Kong Listing Rules.

By implementing the above pricing procedures and internal control measures and procedures, the Directors are of the view that the Company has adopted sufficient internal control measures to ensure the pricing basis of the Steam Sales Contract will be on market terms or better and on normal commercial terms and will be fair and reasonable to the Company and its shareholders as a whole.

GENERAL INFORMATION

The Company

Located at Jinshanwei in the southwest of Shanghai of 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.

Baling New Materials

Baling New Materials is a limited liability company established in the People's Republic of China and owned as to 50% by each of the Company and Hunan Petrochemical, a non-wholly owned subsidiary of Sinopec Corp. It is primarily engaged in import and export of goods; import and export of technology; (for projects that require approval in accordance with the law, business activities to be carried out only after approval by relevant departments, and the specific business projects are subject to the approval documents or licenses of relevant departments); production and sales of thermoplastic

elastomers; sales of high-performance fibers and composite materials; sales of synthetic materials; sales of high-quality synthetic rubber; sales of rubber products (except for projects that require approval in accordance with the law and the business activities to be carried out independently in accordance with the law with a business license).

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions 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
“Baling New Materials”	Shanghai Jinshan Baling New Materials Co., Ltd., a limited liability company established 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
“Hunan Petrochemical”	Sinopec Hunan Petrochemical Co., Ltd., a non-wholly owned subsidiary of Sinopec Corp.
“Steam Sales Contract”	The steam sales contract proposed to be entered into by the Company and Baling New Materials
“Transaction”	The Steam Sales Contract proposed to be entered into and the transactions thereunder to be carried out by the Company and Baling New Materials
“Board”	the board of directors of the Company
“Director(s)”	the 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”	the Rules Governing the Listing of Securities on the 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, 22 May 2025

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