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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)**

### **ANNOUNCEMENT REGARDING PROVISION FOR ASSET IMPAIRMENT**

This announcement is made by Sinopec Shanghai Petrochemical Company Limited (the “**Company**”), pursuant to Part XIVA of the Securities and Futures Ordinance (Cap.571 of the laws of Hong Kong) and Rule 13.09(2) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company held the 10th meeting of the eleventh session of the supervisory committee of the Company (the “**Supervisory Committee**”) on 19 August 2025, and the 19th meeting of the eleventh session of the board of directors of the Company (the “**Board**”) on 20 August 2025. The meetings reviewed and approved that the Company shall make provision for asset impairment in the first half of 2025. Details are as follows:

#### **I. OVERVIEW OF THE PROVISION FOR ASSET IMPAIRMENT**

In order to objectively reflect the Company’s financial position and operating results for the first half of 2025 and according to the relevant requirements of the Accounting Standards for Business Enterprises (the “**ASBE**”) as well as based on the principle of prudence, the Company conducted impairment tests on relevant assets that may show indications of impairment as of 30 June 2025. After the tests, the Company proposed to make provision for impairment amounting to RMB417 million in total for the first half of 2025.

#### **II. EXPLANATION OF THE PROVISION FOR ASSET IMPAIRMENT**

##### **1. Approach, basis and standard of the provision for impairment**

According to the ASBE No.1 – Inventory, at the balance sheet date, inventories shall be measured at the lower of cost and net realizable value. If the cost of inventories is higher than their net realizable value, a provision for impairment of inventories shall be made and

included in the current profits and losses. For sold inventories, the cost shall be carried forward to current profits and losses, and the corresponding provision for impairment of inventories shall also be carried forward.

According to the ASBE No.8 – Asset Impairment, where there is any impairment indication of assets, its recoverable amount shall be estimated. The recoverable amount shall be determined by the higher one of the net amount of the asset's fair value minus disposal expenses and the present value of the asset's expected future cash flow. If the measurement results of the recoverable amount indicates that the recoverable amount of an asset is lower than its carrying amount, the carrying amount of such asset shall be written down to its recoverable amount, and the amount written down shall be recognised as impairment loss of the asset and included in profit or loss for the current period. A provision for impairment of the asset shall be made accordingly.

## 2. Details of the provision for impairment

As a result of the fluctuated market prices of certain goods in the first half of 2025, in accordance with the ASBE and relevant accounting policies of the Company, the Company proposed to make provision for impairment amounting to RMB417 million, which was mainly due to the inventory write-off.

### III. IMPACT OF THE PROVISION FOR IMPAIRMENT ON FINANCIAL POSITION OF THE COMPANY

For the first half of 2025, the Company proposed to make provision for impairment of assets amounting to RMB417 million in total due to the above matters and the provision for impairment was fully recorded in the Company's operation results for the first half of 2025. The impact of the provision for asset impairment and the write-off of provision for inventory impairment on the operating results for the first half of 2025 is as follows:

*Unit: RMB million*

Amount affected	First half of 2025	
	Total profit	Net profit
Provision for asset impairment	-417	-313
Write-off of provision for inventory impairment	<u>392</u>	<u>294</u>
Total	<u><u>-25</u></u>	<u><u>-19</u></u>

#### **IV. OPINION OF THE BOARD**

The Board is of the view that the provision for asset impairment based on the actual situation reflected the asset condition of the Company fairly and accurately, which is in line with the ASBE and financial management system of the Company. Accordingly, the Board approved the provision for asset impairment.

#### **V. OPINION OF THE SUPERVISORY COMMITTEE**

The Supervisory Committee is of the view that the Company has made provision for asset impairment in accordance with the ASBE and relevant financial system of the Company, which is in line with the Company's actual situation, and can reflect the Company's financial position and asset value more fairly. The relevant decision-making procedures are in compliance with laws and regulations. Accordingly, the Supervisory Committee approved the provision for asset impairment.

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

Shanghai, the PRC, 20 August 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.*