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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 on Progress of the New Framework Agreement

Reference is made to the announcement of the Company dated 16 December 2025 (the "**Announcement**") in relation to the agreement to be entered into among the Company, the Baishawan Branch and Sinopec Reserve for the provision of storage service by the Baishawan Branch to the Company. Unless otherwise stated, the capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Board is pleased to announce that the Company has entered into the New Framework Agreement with the Baishawan Branch and Sinopec Reserve on 29 December 2025, which became effective on the same day. The main content of the New Framework Agreement are set out in the Announcement. In addition to the information disclosed in the Announcement, the Board hereby provides the following further information regarding the New Framework Agreement.

CALCULATION BASIS OF THE ANNUAL CAP

The Annul Cap for storage service fees was determined with reference to transaction costs in previous years and the Company conducted price inquiries and comparisons with no fewer than two independently socialized operated third-party storage service providers in the vicinity of Baishawan (including Zhoushan and Ningbo regions) in December 2025. After comparison, the unit price per cubic meters of oil storage tanks corresponding to the aggregate amount under the New Framework Agreement amounts to RMB10 per month, which is not higher than the price quoted by independent third parties. Considering (i) the geographical advantages and storage service capabilities of the Baishawan Branch; and (ii) the unit price per cubic meters of oil storage tanks being RMB10 per month, the storage service period of one year (12 months), and the approximate monthly volume of oil storage tanks required for crude oil storage services being 950,000 cubic meters, the Annual Cap has been determined as RMB114 million (inclusive of value-added tax).

INTERNAL CONTROL MECHANISMS FOR THE NEW FRAMEWORK AGREEMENT

The Company has implemented the following internal control mechanisms in order to ensure that the terms of the transactions under the New Framework Agreement are fair and reasonable and no less favourable than the terms provided by any other independent third party:

(1) The Company's relevant contracts are subject to technical, legal, and economic review so as to ensure regulatory compliance, legal validity, and economic rationality. The Company's internal control department regularly conducts internal assessments on the completeness and effectiveness of the internal control measures of the Company in relation to the transactions throughout the year. The contract execution department shall monitor the transaction amounts under the New Framework Agreement in a timely manner;

(2) The Company implements transactions under the New Framework Agreement in accordance with its internal control procedures. The files and ledgers for transactions are set up by designated accounting personnel. The files and ledgers for transactions 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 on the findings regularly to ensure that the transactions are conducted in accordance with the pricing policies. In addition, 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;

(3) 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 reasonable, and whether the actual transaction amounts incurred by the continuing connected transactions are within the proposed annual caps; and

(4) The external auditor of the Company conducts an annual audit each year 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 proposed annual caps during the year pursuant to the requirements of the Hong Kong Listing Rules.

By implementing the above internal control measures and procedures, the Directors are of the view that the Company has established sufficient internal control measures to ensure the pricing basis of the New Framework Agreement will be on market terms and on normal commercial terms or better and will be fair and reasonable to the Company and its Shareholders as a whole.

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

Shanghai, the PRC, 29 December 2025

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