*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)**

# Inside Information
# Announcement on Potential Connected Transaction
# Deemed Disposal in Relation to Capital Increase of a Wholly-owned Subsidiary

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## I. OVERVIEW OF THE CAPITAL INCREASE

On 29 December 2025, the Board considered and approved that Carbon Fiber Company, a wholly-owned subsidiary of the Company, proposes to simultaneously increase its registered capital by RMB600 million by way of capital increase via non-public agreement and Public Tender. The price for the Capital Increase shall be determined based on the valuation confirmed after the completion of corresponding filing procedures in accordance with the relevant regulations on state-owned asset supervision and management, and subject to the results of the Public Tender.

Upon approval by the competent state-owned assets administration authority, Sinopec Corp. proposes to subscribe for the newly increased registered capital of Carbon Fiber Company of up to RMB300 million by way of capital contribution to Carbon Fiber Company via a non-public agreement, at a subscription price equivalent to that determined for other strategic investors through Public Tender. Upon completion of the Capital Increase, Sinopec Corp.'s shareholding percentage in Carbon Fiber Company will not exceed 25%.

The proposed increase in the remaining registered capital of Carbon Fiber Company shall not exceed RMB300 million and shall be subscribed by other strategic investors through Public Tender. The Capital Increase is intended to publicly solicit no more than three prospective strategic investors, comprising no more than two industrial investors and one financial investor. Any prospective strategic investor shall be a legal person of an enterprise legally registered and validly existing in the PRC (excluding Hong Kong, Macao, and Taiwan), possess sound

financial conditions, payment capability and commercial credibility, be supportive of Carbon Fiber Company's strategic plan, business philosophy, corporate governance structure, and satisfy all other eligibility criteria specified in the Public Tender announcement of Carbon Fiber Company.

The Carbon Fiber Company reserves the right to adjust the investment amount and shareholding percentage of the strategic investors, and such adjustments shall be subject to the final Capital Increase Agreement entered into by relevant parties. Upon completion of the Capital Increase, the Company will continue holding no less than 50% of the equity interests in Carbon Fiber Company. Carbon Fiber Company will remain a subsidiary of the Company and remain to be consolidated into the Company's consolidated statements.

As at the date of this announcement, the Company has not yet entered into the Capital Increase Agreement with Sinopec Corp. Upon completion of the Public Tender, the Company and Carbon Fiber Company will enter into the Capital Increase Agreement with Sinopec Corp. and other strategic investors, respectively. As the Capital Increase (including the Capital Increase by Sinopec Corp.) is conditional upon (i) the completion of the Public Tender; and (ii) the formal execution of the Capital Increase Agreement by Sinopec Corp. and other strategic investors, the Capital Increase may or may not proceed. The Company will publish announcements under the Hong Kong Listing Rules in due course (if necessary).

## II. SHAREHOLDING STRUCTURE AFTER THE CAPITAL INCREASE

Upon completion of the Capital Increase, the shareholding structure of Carbon Fiber Company is as follows:

| No. | Name of Shareholder | Subscribed Registered Capital (RMB'0000) | Shareholding Percentage |
|---|---|---|---|
| 1 | The Company | 60,000 | Not less than 50% |
| 2 | Sinopec Corp. | Not exceed 30,000 | Not exceed 25% |
| 3 | Other strategic investors | Not exceed 30,000 | Not exceed 25% |
| | **Total** | **Not exceed 120,000** | **100%** |

*Note:* The amount of subscribed registered capital and shareholding percentage of Sinopec Corp. and other strategic investors mentioned above shall be finally determined based on the Public Tender results.

## III. BASIS FOR THE CONSIDERATION

The final subscription price for the Capital Increase shall be determined based on the valuation of the Carbon Fiber Company confirmed after the completion of corresponding filing procedures in accordance with the relevant regulations on state-owned asset supervision and management, and subject to the results of the Public Tender. Upon completion of the Public Tender and the execution of the Capital Increase Agreement, the Company shall, in accordance with the requirements of the Hong Kong Listing Rules, publish announcements in due course (if required) and disclose the basis for determining the consideration, such as the relevant valuation.

## IV. INFORMATION ON THE CARBON FIBER COMPANY

Carbon Fiber Company was established on 19 February 2025 with a registered capital of RMB600 million, which is mainly engaged in the production and sale of carbon fiber, with primarily targeting markets of the pultruded panels for wind turbine blades, transportation materials and new materials for energy storage.

As of 30 September 2025, Carbon Fiber Company had total assets of RMB600,126,200, total liabilities of RMB126,200 and owners' equity of RMB600 million. As of 30 September 2025, Carbon Fiber Company had not generate any revenue or profit.

## V. REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE

The carbon fiber industry of the Company is in line with its corporate resource endowment, exhibits clear development trend, and builds upon a solid foundation of prior exploration, thereby possessing the conditions to foster new quality productive forces. By integrating industrial collaboration with capital operations, the Capital Increase aims to advance the restructuring, capital introduction, and high-quality development of the carbon fiber business, which will facilitate breakthroughs in the high-end segment of the new materials industry and establish a win-win cooperation system centered on industrial synergy. Sinopec Corp.'s participation in this Capital Increase will enable it to fully leverage its substantial financial strength, rapidly advance the Carbon Fiber Company's projects toward scaled production, and accelerate the integration of the industrial chain. By virtue of its own strong scientific research capabilities as well as engineering expertise, Sinopec Corp. can effectively enhance the efficiency of carbon fiber technology R&D and achieve breakthroughs in high-end product development. From a market positioning perspective, this action will help to expand the application of high-performance carbon fiber in high-growth sectors such as new energy and aerospace, seizing the initiative in green development. Simultaneously, by optimizing the shareholding structure of the Carbon Fiber Company through the introduction of capital and strategic investors, the enterprise's market competitiveness will be further strengthened, assisting the Company in establishing a strategic foothold in the new materials sector, which will contribute to the nation's long-term carbon neutrality goals.

The total funds raised from the Capital Increase will be used for the research and development as well as the production launch of the Carbon Fiber Company's projects, thereby enhancing its production capacity and industrial competitiveness. The proportion exceeding the newly increased registered capital of the Carbon Fiber Company shall be included in the capital reserves of the Carbon Fiber Company and shared by its new and existing shareholders.

The Board (including independent non-executive Directors) is of the view that Sinopec Corp. is in sound financial positions and has the ability to pay. The Capital Increase will have no material effect on the Company's future operation and will not result in new connected transactions, horizontal competition, or occupation of non-operating capital of the Company by controlling shareholders of the Company and their connected persons. Although the Capital Increase by Sinopec Corp. does not fall within the ordinary course of business of the Company, the Capital Increase by Sinopec Corp. is conducted on normal commercial terms, which is fair and reasonable, and in the interests of the Company and its shareholders as a whole.

## VI. IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the date of this announcement, Sinopec Corp. holds approximately 51.81% of the issued share capital of the Company and is the controlling Shareholder of the Company. According to the Shanghai Listing Rules and Chapter 14A of the Hong Kong Listing Rules, Sinopec Corp. is a connected (related) person of the Company. Therefore, the Capital Increase by Sinopec Corp. may constitute connected transaction of the Company.

Upon completion of the Capital Increase, the Company's interest in Carbon Fiber Company will be diluted from 100% to 50%. Pursuant to Rule 14.29 of the Hong Kong Listing Rules, the Capital Increase will constitute a deemed disposal of the interest in a subsidiary. As the applicable percentage ratio in respect of the Capital Increase by Sinopec Corp. exceeds 0.1% but is less than 5%, the Capital Increase by Sinopec Corp. 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. In accordance with Rule 6.3.7 of the Shanghai Listing Rules, the Capital Increase is not subject to approval at general meeting of the Company. As the applicable percentage ratio in respect of the Capital Increase is less than 5%, the Capital Increase does not constitute a discloseable transaction under Chapter 14 of the Hong Kong Listing Rules.

As the Capital Increase (including the Capital Increase by Sinopec Corp.) is conditional upon (i) the completion of the Public Tender; and (ii) the formal execution of the Capital Increase Agreement by Sinopec Corp. and other strategic investors, the Capital Increase may or may not proceed. The Company will publish announcements under the Hong Kong Listing Rules in due course (if necessary). Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

## VII. REVIEW PROCEDURES OF THE CAPITAL INCREASE

The Board considered and approved the relevant resolution regarding the Capital Increase (including the Capital Increase by Sinopec Corp.) on 29 December 2025. The Directors, Mr. Guo Xiaojun, Mr. Du Jun and Mr. Xie Zhenglin, due to their positions held in the connected persons, abstained from voting at the meeting of the Board.

According to the Shanghai Listing Rules, relevant information on the Capital Increase has been submitted to a special meeting of independent non-executive Directors prior to the approval of the Board, for convenience in terms of its review and approval. At the 16th special meeting of independent Directors of the 11th session of the Board, all independent non-executive Directors including Mr. Tang Song, Mr. Chen Haifeng, Mr. Yang Jun, Ms. Zhou Ying and Mr. Huang Jiangdong unanimously agreed on the Capital Increase and approved to submit the relevant resolution to the Board for consideration.

The Capital Increase has obtained the relevant approval from the competent state-owned assets administration authority, China Petrochemical Corporation, and does not require approvals from any other relevant authorities.

## VIII. GENERAL INFORMATION

### The Company

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.

### Sinopec Corp.

Sinopec Corp. is a joint stock company established in China, which is mainly engaged in the exploration and production, pipeline transportation and sale of petroleum and natural gas; the production, sale, storage and transportation of refinery products, petrochemical products, coal chemical products, synthetic fibre, and other chemical products; the import and export, including an import and export agency business, of petroleum, natural gas, petroleum products, petrochemical and chemical products, and other chemical commodities and technologies; and research, development and application of technologies and information; hydrogen energy business and related services such as hydrogen production, storage, transportation and sales; battery charging and swapping of the new energy vehicles, solar energy, wind energy and other new energy business and related services.

**As the Capital Increase (including the Capital Increase by Sinopec Corp.) is conditional upon (i) the completion of the Public Tender; and (ii) the formal execution of the Capital Increase Agreement by Sinopec Corp. and other strategic investors, the Capital Increase**

**may or may not proceed. The Company will publish announcements under the Hong Kong Listing Rules in due course (if necessary). Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

*In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:*

| | |
|---|---|
| "Company" | Sinopec Shanghai Petrochemical Company Limited, a joint stock company incorporated in the PRC 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 PRC 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 |
| "Carbon Fiber Company" | Inner Mongolia New Jinshan Carbon Fiber Co., Ltd.*(內蒙古新金山碳纖維有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company as at the date of this announcement |
| "Capital Increase" | Carbon Fiber Company proposes to simultaneously increase its registered capital by RMB600 million by way of capital increase via non-public agreement and Public Tender |
| "Capital Increase Agreement" | the Capital Increase Agreement of Inner Mongolia New Jinshan Carbon Fiber Co., Ltd.* (關於內蒙古新金山碳纖維有限公司之增資協議) to be entered into by the Company with Sinopec Corp., other strategic investors and Carbon Fiber Company, respectively |
| "Capital Increase by Sinopec Corp." | Sinopec Corp. proposes to subscribe for the newly increased registered capital of Carbon Fiber Company of up to RMB300 million by way of capital contribution to Carbon Fiber Company |

| | |
|---|---|
| | via a non-public agreement, at a subscription price equivalent to that determined for other strategic investors through Public Tender |
| "Public Tender" | the public tender selection at China Beijing Equity Exchange |
| "Board" | the board of directors of the Company |
| "Director(s)" | director(s) of the Company |
| "Hong Kong" | Hong Kong Special Administrative Region of the People's Republic of China |
| "Hong Kong Listing Rules" | Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| "Shanghai Listing Rules" | Rules Governing the Listing of Stocks on Shanghai Stock Exchange |
| "RMB" | Renminbi, the lawful currency of the People's Republic of China |
| "PRC" or "China" | the People's Republic of China and, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan |
| "Hong Kong Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Shareholder(s)" | the shareholder(s) of the Company |
| "%" | percentage |

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.*

* *For identification purpose only*