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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 26th meeting of the eleventh session of the board of directors of the Company (the "**Board**") on 18 March 2026. The meeting reviewed and approved that the Company shall make provision for 2025 asset impairment. 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 in 2025 and according to the relevant requirements of the Accounting Standard for Business Enterprise (the "**ASBE**") as well as based on the principle of prudence, the Company conducted impairment tests at the end of the year on relevant assets that may show indications of impairment. After the tests, the Company made provision for impairment amounting to RMB397 million in total in 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 are carried at the lower of cost and net realisable value. Any excess of the cost over the net realisable value of inventories is recognised as a provision for impairment.

According to the ASBE No.8 – Asset Impairment, where there is any indication that an asset is impaired, its recoverable amount shall be estimated. The recoverable amount of an asset is the higher of its fair value less disposal costs and its present value of 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 assets and included in profit or loss for that period. A provision for impairment of the asset shall be made accordingly.

According to the ASBE No.22 – Recognition and Measurement of Financial Instruments, for financial assets measured at amortized cost and receivables financing measured at fair value with changes recognised in other comprehensive income, the provision for losses is recognised based on expected credit losses.

2. Details of the provision for impairment

In 2025, the Company performed impairment tests on assets with impairment indications and made provision for impairment amounting to RMB397 million, mainly including RMB393 million for inventory impairment and RMB4 million for bad debts of accounts receivable.

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

In 2025, the Company's balance of provision for inventory impairment amounted to RMB470 million at the beginning of the year. In 2025, the Company made provision for inventory impairment amounting to RMB393 million in total due to the above matters, the write-off of provision for inventory impairment amounting to RMB399 million, the balance of provision for inventory impairment amounting to RMB463 million at the end of the period.

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.

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

Shanghai, the PRC, 18 March 2026

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.