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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)**

### **Connected Transaction Technology Development Documents**

On 20 March 2024, the Board considered and approved that the Company (as the entrusted party) proposed to enter into Technology Development Document I, Technology Development Document II, Technology Development Document III, Technology Development Document IV and Technology Development Document V with Sinopec Corp. (as the entrusting party) and other entrusted parties. The Technology Development Documents will be signed before 30 April 2024.

As of the date of this announcement, Sinopec Corp. holds 5,459,455,000 A shares of the Company, representing approximately 50.55% of the Company's issued share capital, and therefore is the controlling shareholder of the Company. Sinopec Group is the controlling shareholder of Sinopec Corp. and the de facto controller of the Company. The entrusting party of Technology Development Documents, Sinopec Corp., and the other entrusted parties, including Sinopec Shanghai Research Institute and Sinopec Beijing Research Institute, which are wholly-owned subsidiaries of Sinopec Corp., Hunan Petrochemical, which is a non-wholly owned subsidiary of Sinopec Corp., and Sinopec Shanghai Engineering, which is an indirect non-wholly owned subsidiary of Sinopec Group, are connected persons of the Company. Accordingly, entering into the Technology Development Documents constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

Since the Technology Development Documents will be entered into with the same connected person and are similar in nature, the above Technology Development Documents will be aggregated in accordance with the relevant requirements of Rule 14A.81 of the Hong Kong Listing Rules. As the highest applicable percentage ratio of the Technology Development Document I, Technology Development Document III and Technology Development Document V on a separate basis and the Technology Development Documents on an aggregated basis exceeds 0.1% but is less than 5%, entering into the Technology Development Documents is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules.

On 20 March 2024, the Board considered and approved that the Company (as the entrusted party) proposed to enter into Technology Development Document I, Technology Development Document II, Technology Development Document III, Technology Development Document IV and Technology Development Document V with Sinopec Corp. (as the entrusting party) and other entrusted parties. The Technology Development Documents will be signed before 30 April 2024.

## **THE TECHNOLOGY DEVELOPMENT DOCUMENTS**

The key terms of the Technology Development Documents are summarized as follows:

Parties:

Technology Development Document I:

Entrusting party: Sinopec Corp.

Entrusted parties: the Company

Sinopec Shanghai Engineering

Sinopec Shanghai Research Institute

Shanghai Composite Material

Hunan Petrochemical

Technology Development Document II:

Entrusting party: Sinopec Corp.

Entrusted parties: the Company

Sinopec Beijing Research Institute

Nanjing Research & Design Institution

Shanghai Aircraft Manufacturing

Technology Development Document III:

Entrusting party: Sinopec Corp.

Entrusted party: the Company

Technology Development Document IV:

Entrusting party: Sinopec Corp.

Entrusted parties: the Company

Sinopec Shanghai Research Institute

Sinopec Shanghai Engineering

Beijing University of Chemical Technology

Donghua University

Technology Development Document V:

Entrusting party: Sinopec Corp.

Entrusted party: the Company

Sinopec Shanghai Research Institute

Xi'an Chaoma

CNNC 404

After making all reasonable enquiries and to the best knowledge and belief of the Directors, each of the other entrusted parties and its ultimate beneficial owners, other than the connected persons, is an independent third party independent of the Company and its connected persons.

Entrusted work:

Technology Development Document I:

Sinopec Corp. entrusted the entrusted parties to research and develop the topic of industrialized complete set of high-strength medium-modulus SCF55H carbon fiber technology and its application research and deliver the research and development results on 10 December 2025.

Technology Development Document II:

Sinopec Corp. entrusted the entrusted parties to research and develop the topic of process optimization technology of thermoplastic composite material preparation for aerospace applications and deliver the research and development results by December 2025.

Technology Development Document III:

Sinopec Corp. entrusted the entrusted party to research and develop the topic of production technology development of a pilot plant for the production of thermoplastic carbon fiber composite materials for aerospace applications and deliver the results of the research and development by December 2025.

Technology Development Document IV:

Sinopec Corp. entrusted the entrusted parties to research and develop the topic of a new generation of coarse denier, high compression strength, high tensile strength, medium modulus SCF56 carbon fibers and deliver the research and development results by 31 December 2026.

#### Technology Development Document V:

Sinopec Corp. entrusted the entrusted parties to research and develop the topic of the development and application of domestic carbon fibers in the technology of electrode plates for new carbon-carbon composite materials for heaters and deliver the results of the research and development by December 2025.

#### Consideration and payment:

##### Technology Development Document I:

The total consideration of the Technology Development Document I is RMB41.88 million. Sinopec Corp. will pay (i) a total of RMB2.94 million to Sinopec Shanghai Engineering; (ii) a total of RMB6.49 million to Sinopec Shanghai Research Institute; (iii) a total of RMB5.5 million to Shanghai Composite Material; (iv) a total of RMB25.95 million to the Company; and (v) a total of RMB1 million to Hunan Petrochemical.

##### Technology Development Document II:

The total consideration of the Technology Development Document II is RMB30.1 million. Sinopec Corp. will pay (i) a total of RMB12.6 million to Sinopec Beijing Research Institute; (ii) a total of RMB2.65 million to Shanghai Aircraft Manufacturing; (iii) a total of RMB0.85 million to Nanjing Research & Design Institution; (iv) a total of RMB14 million to the Company.

##### Technology Development Document III:

The total consideration of the Technology Development Document III is RMB39.8 million. Sinopec Corp. will pay RMB20.05 million, and RMB19.75 million to the Company in 2024 and 2025 respectively.

##### Technology Development Document IV:

The total consideration of the Technology Development Document IV is RMB37.12 million. Sinopec Corp. will pay (i) a total of RMB3 million to Sinopec Shanghai Engineering; (ii) a total of RMB1.91 million to Donghua University; (iii) a total of RMB20.25 million to Sinopec Shanghai Research Institute; (iv) a total of RMB1.96 million to the Beijing University of Chemical Technology; and (v) a total of RMB10 million to the Company.

## Technology Development Document V:

The total consideration of the Technology Development Document V is RMB35.1 million. Sinopec Corp. will pay (i) a total of RMB4.5 million to Sinopec Shanghai Research Institute; (ii) a total of RMB2.8 million to Xi'an Chaoma; (iii) a total of RMB2.8 million to CNNC 404; and (iv) a total of RMB25 million to the Company.

Project inspection and evaluation:

SPC shall provide Sinopec Corp. with half-yearly written reports on the progress of the research and development work and the utilization of funds, and provide Sinopec Corp. with annual written reports on the research and development work and the utilization of funds by the end of November every year. Sinopec Corp. has the right to organize mid-term evaluation of the progress of the project to assess the technological advancement, feasibility and economic prospect of the project as well as the ability of SPC to complete the project.

Project acceptance:

Each Technology Development Document has a deadline for delivery of the research and development results. Upon the expiration of the delivery period, Sinopec Corp. will review the research and development results completed by the entrusted parties. If the research and development results do not meet the acceptance conditions or are not qualified for acceptance, with Sinopec Corp.'s consent, the entrusted parties will be given a grace period of 30, 90 or 180 days to improve and amend the research and development results in accordance with the specific provisions of each Technology Development Document; if the research and development results do not meet the acceptance conditions or are not qualified for acceptance upon expiration of the grace period, the entrusted parties shall be deemed incapable of performance.

Effectiveness:

The Technology Development Documents shall be effective since the date of signature and seal by parties.

## **BASIS FOR THE CONSIDERATION**

The consideration of the Technology Development Documents was determined by parties on an arm's length basis with reference to the scale, estimated costs and expenses of the entrusted work.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TECHNOLOGY DEVELOPMENT DOCUMENTS**

The transactions under the Technology Development Documents will be conducive to enhancing the quality of the Company's high-performance carbon fiber products, continuously exploring the application of composite materials and comprehensively improving its market competitiveness.

## **IMPLICATIONS UNDER THE HONG KONG LISTING RULES**

As of the date of this announcement, Sinopec Corp. holds 5,459,455,000 A shares of the Company, representing approximately 50.55% of the Company's issued share capital, and therefore is the controlling shareholder of the Company. Sinopec Group is the controlling shareholder of Sinopec Corp. and the de facto controller of the Company. The entrusting party of Technology Development Documents, Sinopec Corp., and the other entrusted parties, including Sinopec Shanghai Research Institute and Sinopec Beijing Research Institute, which are wholly-owned subsidiaries of Sinopec Corp., Hunan Petrochemical, which is a non-wholly owned subsidiary of Sinopec Corp., and Sinopec Shanghai Engineering, which is an indirect non-wholly owned subsidiary of Sinopec Group, are connected persons of the Company. Accordingly, entering into the Technology Development Documents constitutes a connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

Since the Technology Development Documents will be entered into with the same connected person and are similar in nature, the above Technology Development Documents will be aggregated in accordance with the relevant requirements of Rule 14A.81 of the Hong Kong Listing Rules. As the highest applicable percentage ratio of the Technology Development Document I, Technology Development Document III and Technology Development Document V on a separate basis and the Technology Development Documents on an aggregated basis exceeds 0.1% but is less than 5%, entering into the Technology Development Documents is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules.

## **APPROVAL OF THE BOARD**

On 20 March 2024, the Board considered and approved of entering into the Technology Development Documents. The Directors including Mr. Wan Tao, 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.

The Board (including independent non-executive Directors) is of the view that the transactions contemplated under the Technology Development Documents are carried out in the ordinary and usual course of business of the Company on normal commercial terms upon fair negotiation among the parties, and the relevant transaction terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

According to the Shanghai Listing Rules, relevant information on the signing of the Technology Development Documents 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 3rd 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 Technology Development Documents and approved that relevant proposals be submitted to the Board for consideration.

## **GENERAL INFORMATION**

### **The Company**

Located at Jinshanwei in the southwest of Shanghai, China, the Company is a highly integrated petrochemical enterprise which mainly processes crude oil into a broad range of petroleum 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.

### **Sinopec Shanghai Engineering**

Sinopec Shanghai Engineering is a limited liability company established in China, which is mainly engaged in construction engineering design, construction, inspection and management; technology development, consultation, exchange, transfer and promotion; technology development and consulting services for new materials, environmental pollution control and resource recycling; sales services for electrical equipment, specialty devices, construction materials and chemical products; purchasing agency as well as goods import and export services.

### **Sinopec Shanghai Research Institute**

Sinopec Shanghai Research Institute is a limited liability company established in the PRC, which is mainly engaged in “four-technology” services in the fields of petrochemicals, fine chemicals, polymer chemicals, environmental protection, catalysts, computer hardware and software, information

networks, electronics, industrial automation, etc. and other specialized technologies, self-development of pilot products in the above-mentioned fields of specialization, and petrochemical product testing services.

### **Shanghai Composite Material**

Shanghai Composite Material is a limited liability company established in the PRC, which is mainly engaged in the technology, development, manufacture, sale and installation of composite materials and products; research on safety, health and environmental protection technologies related to composite materials.

### **Hunan Petrochemical**

Hunan Petrochemical is a limited liability company established in the PRC, which is mainly engaged in petroleum processing, production of synthetic rubber, epoxy resin, caprolactam and coal chemical products.

### **Sinopec Beijing Research Institute**

Sinopec Beijing Research Institute is a limited liability company established in the PRC, which is mainly engaged in engineering and technology research; technology consulting, technology transfer, technology promotion, technology services, technology development; sales of chemical products (excluding dangerous chemicals); production of chemical products (excluding permitted chemical products).

### **Nanjing Research & Design Institution**

Nanjing Research & Design Institution is a limited liability company established in the PRC, which is mainly engaged in research, development and sales of industrial precious metals; technology development, sales, technology transfer, consulting, and services of glass fibers and products, composite materials and products, and thermal insulation materials; engineering design activities, engineering management services; design, installation and construction of architectural, environmental and municipal projects; intelligent control system, non-woven fabric manufacturing, industrial textile manufacturing, woven apparel manufacturing; research and development, production and sales of labor insurance products; import, export and foreign trade; inspection services for construction materials, glass fibers, composite materials and products; editing and publishing "Glass Fiber" magazine; manufacturing of glass fibers and products, composites and products, insulating materials, and coatings (limited to branch operations), etc.



## **Shanghai Aircraft Manufacturing**

Shanghai Aircraft Manufacturing is a limited liability company established in the PRC, which is mainly engaged in research and development, production, modification, test flight, delivery, sales, maintenance, warehousing and service of civil aircraft and other aircraft, as well as undertakes the processing and production of aircraft parts.

## **Xi'an Chaoma**

Xi'an Chaoma is a limited liability company established in the PRC, which is mainly engaged in sales of synthetic materials; synthetic materials manufacturing (excluding hazardous chemicals); graphite and carbon products manufacturing; rubber products sales; special ceramics manufacturing; special ceramics sales; new materials technology research and development; chemical products production (excluding permitted categories of chemical products); chemical products sales (excluding permitted categories of chemical products); automobile parts and accessories manufacturing; goods import and export; technology import and export.

## **CNNC 404**

CNNC 404 is a limited liability company established in the PRC, which is mainly engaged in decommissioning of nuclear facilities and radioactive waste management; spent fuel reprocessing; the processing of nuclear fuel and nuclear waste disposal; nuclear radiation processing; nuclear and nuclear radiation measurement instrumentation manufacturing; electrical and mechanical instrumentation manufacturing and installation.

## **Beijing University of Chemical Technology**

Beijing University of Chemical Technology is a public university located in Beijing, China, and is one of the most important bases for materials science and engineering technology research in China.

## **Donghua University**

Donghua University is a public university located in Shanghai, China, with strong research and development capabilities in the field of fiber materials.

## DEFINITIONS

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

“Company”or “SPC”	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
“Sinopec Group”	China Petrochemical Corporation, a limited liability company (state-owned enterprise) incorporated in the PRC
“Sinopec Shanghai Engineering”	Sinopec Shanghai Engineering Co., Ltd., a limited liability company incorporated in the PRC, with the ultimate beneficial owner being the State-owned Assets Supervision and Administration Commission of the State Council
“Sinopec Shanghai Research Institute”	Sinopec (Shanghai) Petrochemical Research Institute Co., Ltd., a limited liability company established in the PRC, with the ultimate beneficial owner being the State-owned Assets Supervision and Administration Commission of the State Council
“Shanghai Composite Material”	Shanghai Composite Material Technology Co., Ltd.(上海複合材料科技有限公司), a limited liability company established in the PRC, 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 limited liability company established in the PRC, with the ultimate beneficial owner being the State-owned Assets Supervision and Administration Commission of the State Council

“Sinopec Beijing Research Institute”	Sinopec Beijing Research Institute of Chemical Industry CO., Ltd., a limited liability company established in the PRC, with the ultimate beneficial owner being the State-owned Assets Supervision and Administration Commission of the State Council
“Nanjing Research & Design Institution”	Nanjing Fiberglass Research & Design Institution Co., Ltd., a limited liability company established in the PRC, with the ultimate beneficial owner being the State Council
“Shanghai Aircraft Manufacturing”	Shanghai Aircraft Manufacturing CO., Ltd., a limited liability company established in the PRC, with the ultimate beneficial owner being the State-owned Assets Supervision and Administration Commission of the State Council
“Xi’an Chaoma”	Xi’an Chaoma Technology Co., Ltd., a limited liability company established in the PRC, with the ultimate beneficial owner being the Academy of Aerospace Solid Propulsion Technology
“CNNC 404”	China National Nuclear Industry Corp. 404, a limited liability company established in the PRC, with the ultimate beneficial owner being the State-owned Assets Supervision and Administration Commission of the State Council
“Technology Development Documents”	Technology Development Document I, Technology Development Document II, Technology Development Document III, Technology Development Document IV and Technology Development Document V, collectively
“Technology Development Document I”	the technology development (entrustment) contract and the project assignment agreement relating to industrialization of high strength medium mode SCF55H carbon fiber and its application to be entered into among the Company, Sinopec Corp., Sinopec Shanghai Engineering, Sinopec Shanghai Research Institute, Shanghai Composite Material and Hunan Petrochemical
“Technology Development Document II”	the technology development (entrustment) contract and the project assignment agreement relating to aerospace thermoplastic composite material preparation process optimization technology development to be entered into among the Company, Sinopec Corp., Sinopec Beijing Research Institute, Nanjing Research & Design Institution and Shanghai Aircraft Manufacturing

“Technology Development Document III”	the project assignment agreement relating to thermoplastic carbon fiber composite materials for aerospace pilot plant production technology development to be entered into between the Company and Sinopec Corp.
“Technology Development Document IV”	the technology development (entrustment) contract and the project assignment agreement relating to development of a new generation of coarse denier, high compression strength, high tensile medium modulus SCF56 carbon fiber to be entered into among the Company, Sinopec Corp., Sinopec Shanghai Research Institute, Sinopec Shanghai Engineering, Beijing University of Chemical Technology and Donghua University.
“Technology Development Document V”	the technology development (entrustment) contract and the project assignment agreement relating to development and application of domestic carbon fiber in new carbon composite material heater electrode plate technology to be entered into among the Company, Sinopec Corp., Sinopec Shanghai Research Institute, Xi’an Chaoma and CNNC 404
“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”	the 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
“China”or “PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“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, 20 March 2024

*As at the date of this announcement, the executive Directors of the Company are Wan Tao, Guan Zemin, 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.*