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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: 338)

2009 First Quarterly Report

This announcement is published simultaneously in Shanghai and Hong Kong. This announcement is published pursuant to the Rules Governing Listing of Stocks on Shanghai Stock Exchange in the People's Republic of China and pursuant to the disclosure obligations under Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

§1 IMPORTANT MESSAGE

- 1.1 The board of directors (the "Board") and the Supervisory Committee of Sinopec Shanghai Petrochemical Company Limited (the "Company") as well as its directors, supervisors and senior management warrant that there are no false representations or misleading statements contained in, or material omissions from, the 2009 first quarterly report, and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the information contained in the 2009 first quarterly report.
- 1.2 All of the Company's directors attended the 7th meeting of the sixth session of the Board. The Board considered and approved the 2009 first quarterly report.
- 1.3 The financial statements of the Company's 2009 first quarterly report were unaudited.
- 1.4 Mr. Rong Guangdao, Chairman and President of the Company, Mr. Han Zhihao, Director and Chief Financial Officer overseeing the accounting operations and Mr. Zhou Meiyun, Finance Manager and person-in-charge (Accounting Chief) hereby warrant the truthfulness and completeness of the financial report contained in the 2009 first quarterly report.

§2 BASIC INFORMATION OF THE COMPANY

2.1 Major Accounting Data and Financial Indicators

	As at the end of the reporting period (31 March 2009)	As at the end of the previous year (31 December 2008)	<i>Currency: RMB</i> Increase/ (decrease) as compared to the end of the previous year (%)
Total assets (RMB'000)	27,465,086	28,107,465	-2.29
Equity attributable to equity shareholders of the Company (RMB'000)	14,018,828	13,841,371	1.28
Net asset value per share attributable to equity shareholders of the Company (RMB)	1.947	1.922	1.28
		From the beginning of the year to the end of the reporting period (January 2009 to March 2009)	Increase/ (decrease) as compared to the corresponding period of the previous year (%)
Net cash flow from operating activities (RMB'000)		1,796,759	798.47
Net cash flow per share from operating activities (RMB)		0.250	798.47
	The reporting period (January 2009 to March 2009)	From the beginning of the year to the end of the reporting period (January 2009 to March 2009)	Increase/ (decrease) as compared to the corresponding period of the previous year (%)
Net profit attributable to equity shareholders of the Company (RMB'000)	164,071	164,071	—
Basic earnings per share (RMB)	0.023	0.023	—
Basic earnings per share excluding non-recurring items (RMB)	0.010	0.010	—
Diluted earnings per share (RMB)	0.023	0.023	—
Fully diluted return on net assets (%)	1.170	1.170	Increased by 2.142 percentage points
Fully diluted return on net assets excluding non-recurring items (%)	0.508	0.508	Increased by 1.925 percentage points

Excluding non-recurring items and amount:

	From the beginning of the year to the end of the reporting period (January 2009 to March 2009) (RMB'000)
Non-recurring items	
Gain from disposal of non-current assets	147,397
Enterprises restructure expenses, e.g. expenses for employee placement, integration expenses	-9,959
Gains or losses arising from changes in fair value of forward exchange contracts	-10,311
Net expenses of non-operating expenses other than those mentioned above	-3,272
Subtotal	123,855
Less: tax effect for the above items	-30,964
Total	92,891
Including: Non-recurring items attributable to equity shareholders of the Company	92,885
Non-recurring items attributable to minority shareholders	6

2.2 Number of shareholders as at 31 March 2009 and shareholding of the top ten shareholders of shares in circulation

Total number of shareholders as at 31 March 2009 139,317

Shareholding of the top ten shareholders of shares in circulation

Name of shareholder	Number of shares in circulation held as at 31 March 2009	Type of shares
HKSCC (Nominees) Ltd. (香港中央結算(代理人)公司)	2,299,744,101	Overseas listed foreign shares
China Minsheng Banking Corp., Ltd. — Orient Selected Mixed Open-end Securities Investment Fund (中國民生銀行股份有限公司—東方精選混合型開放式證券投資基金)	82,182,297	RMB-denominated ordinary shares
China Construction Bank — CIFM China Advantage Fund (中國建設銀行-上投摩根中國優勢證券投資基金)	40,412,317	RMB-denominated ordinary shares
Bank of China-Franklin Guohai Potential Combination Equity-type Securities Investment Fund (中國銀行-富蘭克林國海潛力組合股票型證券投資基金)	16,372,923	RMB-denominated ordinary shares
Bank of China-Harvest Steady and Open Securities Investment Fund (中國銀行-嘉實穩健開放式證券投資基金)	13,805,563	RMB-denominated ordinary shares
Bank of China — Harvest Shanghai Shenzhen 300 Index Securities Investment Fund (中國銀行-嘉實滬深300指數證券投資基金)	6,268,535	RMB-denominated ordinary shares
YIP CHOK CHIU	3,150,000	Overseas listed foreign shares
China Construction Bank — Boshi Yufu Securities Investment Fund (中國建設銀行-博時裕富證券投資基金)	2,961,378	RMB-denominated ordinary shares
Nanjing Jinyuan Real Estate Development Company Limited (南京金源房地產開發有限公司)	2,687,218	RMB-denominated ordinary shares
Qian Haoqi	2,580,000	RMB-denominated ordinary shares

§3 IMPORTANT ITEMS

3.1 Situation and reasons for the significant changes in the items of accounting statements and financial indicators of the Company

Unit: RMB'000

Item	For the three months ended 31 March		Increase/ (decrease) amount	Change (%)	Reason for change
	2009	2008			
Operating income	9,072,948	16,020,326	(6,947,378)	-43.37	Significant decrease in product prices as compared to the corresponding period in 2008 following the decrease in crude oil prices
Operating costs	7,469,981	15,867,028	(8,397,047)	-52.92	Significant decrease in crude oil costs as compared to the corresponding period in 2008
Business taxes and surcharges	892,265	205,277	686,988	334.66	Fuel surcharge led to significant increase in consumption tax
Selling and distribution expenses	87,642	133,249	(45,607)	-34.23	Decreased as compared to the corresponding period in 2008 with operating income
Financial expenses	111,022	59,841	51,181	85.53	Substantial increase in bank borrowings as compared to the corresponding period in 2008 led to a corresponding substantial increase in interest expense
Investment income	94,605	208,583	(113,978)	-54.64	Substantial decrease in gain from disposal of available-for-sale financial assets as compared to the corresponding period in 2008
Operating profit/(loss)	146,193	(434,074)	580,267	—	Significant decrease in crude oil costs as compared to the corresponding period in 2008
Profit/(loss) before income tax	234,584	(188,598)	423,182	—	
Net profit/ (loss)	177,497	(202,485)	379,982	—	
Net profit/ (loss) attributable to equity shareholders of the Company	164,071	(200,362)	364,433	—	
Non-operating income	96,194	262,290	(166,096)	-63.33	Subsidies received for refined oil products in the first quarter of 2008
Income tax	57,087	13,887	43,200	311.08	Increase in profit before income tax as compared to the corresponding period in 2008

§4 APPENDIX

4.1 Consolidated Balance Sheet (*unaudited*)

As at 31 March 2009

(Prepared under the China Accounting Standards for Business Enterprises (2006))

	31 March	31 December
	2009	2008
	<i>RMB 000</i>	<i>RMB 000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Assets		
Current assets		
Cash at bank and on hand	652,150	627,685
Financial assets held for trading	87,333	97,644
Bills receivable	548,655	566,356
Dividends receivable	74,000	74,000
Trade debtors	681,395	226,293
Advance payments	152,116	66,772
Other receivables	112,204	111,578
Inventories	3,387,480	4,492,215
Other current assets	11,630	248,808
Total current assets	<u>5,706,963</u>	<u>6,511,351</u>
Non-current assets		
Available-for-sale financial assets	139,549	123,918
Long-term equity investments	2,980,966	2,941,717
Investment property	489,375	492,690
Fixed assets	13,336,290	13,528,185
Construction in progress	2,222,458	1,854,154
Intangible assets	571,861	577,479
Long-term deferred expenses	134,242	145,553
Deferred tax assets	1,883,382	1,932,418
Total non-current assets	<u>21,758,123</u>	<u>21,596,114</u>
Total assets	<u>27,465,086</u>	<u>28,107,465</u>

	31 March	31 December
	2009	2008
	<i>RMB 000</i>	<i>RMB 000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Liability and Shareholders' equity		
Current liabilities		
Short-term loans	7,709,226	8,838,204
Bills payable	978,524	265,443
Trade creditors	1,905,341	2,513,076
Receipts in advance	420,823	443,471
Employee benefits payable	24,153	23,240
Taxes payable	375,716	45,448
Interest payable	15,155	18,333
Other payables	662,514	660,984
Current portion of non-current liabilities	419,521	534,521
Total current liabilities	<u>12,510,973</u>	<u>13,342,720</u>
Non-current liabilities		
Long-term loans	429,021	429,021
Other non-current liabilities	228,485	230,000
Total non-current liabilities	<u>657,506</u>	<u>659,021</u>
Total liabilities	<u>13,168,479</u>	<u>14,001,741</u>
Shareholders' equity		
Share capital	7,200,000	7,200,000
Capital reserve	2,952,567	2,939,181
Surplus reserve	4,766,408	4,766,408
Accumulated loss	(900,147)	(1,064,218)
Total equity attributable to equity		
shareholders of the Company	14,018,828	13,841,371
Minority interests	277,779	264,353
Total equity	<u>14,296,607</u>	<u>14,105,724</u>
Total liabilities and shareholders' equity	<u>27,465,086</u>	<u>28,107,465</u>

Balance Sheet (unaudited)

As at 31 March 2009

(Prepared under the China Accounting Standards for Business Enterprises (2006))

	31 March 2009	31 December 2008
	<i>RMB 000</i>	<i>RMB 000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Assets		
Current assets		
Cash at bank and on hand	244,278	294,786
Financial assets held for trading	87,333	97,644
Bills receivable	440,965	436,056
Dividends receivable	74,000	74,000
Trade debtors	523,171	197,522
Advance payments	140,736	65,586
Other receivables	87,867	12,465
Inventories	3,175,715	4,249,254
Other current assets	—	245,420
Total current assets	<u>4,774,065</u>	<u>5,672,733</u>
Non-current assets		
Available-for-sale financial assets	139,549	111,327
Long-term equity investments	4,267,664	4,231,982
Investment property	550,673	554,405
Fixed assets	12,485,594	12,648,909
Construction in progress	2,183,326	1,815,344
Intangible assets	455,223	459,181
Long-term deferred expenses	130,374	141,331
Deferred tax assets	1,883,893	1,935,851
Total non-current assets	<u>22,096,296</u>	<u>21,898,330</u>
Total assets	<u>26,870,361</u>	<u>27,571,063</u>

	31 March	31 December
	2009	2008
	<i>RMB 000</i>	<i>RMB 000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Liability and Shareholders' equity		
Current liabilities		
Short-term loans	7,578,726	8,683,204
Bills payable	978,288	265,364
Trade creditors	1,652,693	2,399,527
Receipts in advance	336,602	369,723
Employee benefits payable	21,126	20,443
Taxes payable	371,226	39,062
Interest payable	15,155	18,333
Other payables	972,281	921,185
Current portion of non-current liabilities	<u>350,000</u>	<u>450,000</u>
Total current liabilities	<u>12,276,097</u>	<u>13,166,841</u>
Non-current liabilities		
Long-term loans	300,000	300,000
Other non-current liabilities	<u>228,485</u>	<u>230,000</u>
Total non-current liabilities	<u>528,485</u>	<u>530,000</u>
Total liabilities	<u>12,804,582</u>	<u>13,696,841</u>
Shareholders' equity		
Share capital	7,200,000	7,200,000
Capital reserve	2,952,567	2,930,412
Surplus reserve	4,766,408	4,766,408
Accumulated loss	<u>(853,196)</u>	<u>(1,022,598)</u>
Total equity	<u>14,065,779</u>	<u>13,874,222</u>
Total liabilities and shareholders' equity	<u>26,870,361</u>	<u>27,571,063</u>

Income Statements (unaudited)

For the three months ended 31 March 2009

(Prepared under the China Accounting Standards for Business Enterprises (2006))

	Group		Company	
	2009	2008	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Operating income	9,072,948	16,020,326	7,913,698	14,878,925
Less: Operating costs	7,469,981	15,867,028	6,385,891	14,800,370
Business taxes and surcharges	892,265	205,277	891,656	202,610
Selling and distribution expenses	87,642	133,249	68,861	110,411
General and administrative expenses	466,906	397,588	412,719	353,672
Financial expenses	111,022	59,841	105,444	46,476
Impairment loss	(16,767)	—	(11,609)	—
Add: Loss from changes in fair value	(10,311)	—	(10,311)	—
Investment income	94,605	208,583	75,405	192,877
(Including: income from investment in associates and jointly controlled entities)	<u>39,250</u>	<u>76,527</u>	<u>35,682</u>	<u>68,698</u>
Operating profit/(loss)	146,193	(434,074)	125,830	(441,737)
Add: Non-operating income	96,194	262,290	95,813	261,190
Less: Non-operating expenses	7,803	16,814	7,668	16,600
(Including: loss from disposal of non-current assets)	<u>887</u>	<u>1</u>	<u>816</u>	<u>—</u>
Profit/(loss) before income tax	234,584	(188,598)	213,975	(197,147)
Less: Income tax	<u>57,087</u>	<u>13,887</u>	<u>44,573</u>	<u>(719)</u>
Net profit/(loss)	<u>177,497</u>	<u>(202,485)</u>	<u>169,402</u>	<u>(196,428)</u>
Attributable to:				
Equity shareholders of the Company	164,071	(200,362)		
Minority shareholders	13,426	(2,123)		
Basic and diluted earnings/(loss) per share	<u>0.023</u>	<u>(0.028)</u>		

Consolidated Cash Flow Statement (unaudited)

For the three months ended 31 March 2009

(Prepared under the China Accounting Standards for Business Enterprises (2006))

	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited)
Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	10,211,546	19,315,726
Other cash received relating to operating activities	<u>1,144</u>	<u>351,052</u>
Sub-total of cash inflows from operating activities	<u>10,212,690</u>	<u>19,666,778</u>
Cash paid for goods and services	(7,372,278)	(18,724,527)
Cash paid to and for employees	(393,897)	(452,843)
Cash paid for all types of taxes	(583,443)	(233,735)
Other cash paid relating to operating activities	<u>(66,313)</u>	<u>(55,693)</u>
Sub-total of cash outflows from operating activities	<u>(8,415,931)</u>	<u>(19,466,798)</u>
Net cash inflows from operating activities	<u>1,796,759</u>	<u>199,980</u>
Cash flows from investing activities:		
Cash received from disposal of investments	57,572	154,281
Cash received from disposal of fixed assets and intangible assets	95,555	2,882
Other cash received relating to investing activities	<u>4,487</u>	<u>18,324</u>
Sub-total of cash inflows from investing activities	<u>157,614</u>	<u>175,487</u>
Cash paid for acquisition of fixed assets and intangible assets	<u>(557,854)</u>	<u>(171,719)</u>
Sub-total of cash outflows from investing activities	<u>(557,854)</u>	<u>(171,719)</u>
Net cash (outflows)/inflows from investing activities	<u>(400,240)</u>	<u>3,768</u>
Cash flows from financing activities:		
Cash received from borrowings	<u>4,664,330</u>	<u>6,137,514</u>
Sub-total of cash inflows from financing activities	<u>4,664,330</u>	<u>6,137,514</u>
Repayment of borrowings	(5,909,830)	(6,304,352)
Cash paid for dividends, profits distribution and interest	<u>(126,489)</u>	<u>(120,196)</u>
Sub-total of cash outflows from financing activities	<u>(6,036,319)</u>	<u>(6,424,548)</u>
Net cash outflows from financing activities	<u>(1,371,989)</u>	<u>(287,034)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>(65)</u>	<u>(629)</u>
Net increase/(decrease) in cash and cash equivalents	24,465	(83,915)
Add: Cash and cash equivalents at the beginning of the period	<u>627,685</u>	<u>893,165</u>
Cash and cash equivalents at the end of the period	<u>652,150</u>	<u>809,250</u>

Cash Flow Statement (unaudited)
For the three months ended 31 March 2009
(Prepared under the China Accounting Standards for Business Enterprises (2006))

	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	8,890,076	17,742,922
Other cash received relating to operating activities	<u>775</u>	<u>349,963</u>
Sub-total of cash inflows from operating activities	<u>8,890,851</u>	<u>18,092,885</u>
Cash paid for goods and services	(6,231,075)	(17,416,621)
Cash paid to and for employees	(342,206)	(367,668)
Cash paid for all types of taxes	(577,564)	(208,470)
Other cash paid relating to operating activities	<u>(46,164)</u>	<u>(37,518)</u>
Sub-total of cash outflows from operating activities	<u>(7,197,009)</u>	<u>(18,030,277)</u>
Net cash inflows from operating activities	<u>1,693,842</u>	<u>62,608</u>
Cash flows from investing activities:		
Cash received from disposal of investments	41,041	120,001
Cash received from disposal of fixed assets and intangible assets	95,613	2,740
Other cash received relating to investing activities	<u>2,935</u>	<u>16,442</u>
Sub-total of cash inflows from investing activities	<u>139,589</u>	<u>139,183</u>
Cash paid for acquisition of fixed assets and intangible assets	<u>(557,341)</u>	<u>(171,126)</u>
Sub-total of cash outflows from investing activities	<u>(557,341)</u>	<u>(171,126)</u>
Net cash outflows from investing activities	<u>(417,752)</u>	<u>(31,943)</u>
Cash flows from financing activities:		
Cash received from borrowings	<u>4,623,821</u>	<u>6,057,514</u>
Sub-total of cash inflows from financing activities	<u>4,623,821</u>	<u>6,057,514</u>
Repayment of borrowings	(5,829,186)	(6,160,107)
Cash paid for dividends, profits distribution and interest	<u>(121,168)</u>	<u>(105,198)</u>
Sub-total of cash outflows from financing activities	<u>(5,950,354)</u>	<u>(6,265,305)</u>

	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net cash outflows from financing activities	(1,326,533)	(207,791)
	-----	-----
Effect of foreign exchange rate changes on cash and cash equivalents	(65)	(516)
	=====	=====
Net decrease in cash and cash equivalents	(50,508)	(177,642)
Add: Cash and cash equivalents at the beginning of the period	<u>294,786</u>	<u>634,533</u>
Cash and cash equivalents at the end of the period	<u>244,278</u>	<u>456,891</u>

By order of the Board
Sinopec Shanghai Petrochemical Company Limited
Rong Guangdao
Chairman

Shanghai, the PRC, 17 April 2009

As at the date of this announcement, the executive directors of the Company are Rong Guangdao, Du Chongjun, Han Zhihao, Li Honggen, Shi Wei and Dai Jinbao; the non-executive directors of the Company are Lei Dianwu and Xiang Hanyin, and the independent non-executive directors of the Company are Chen Xinyuan, Sun Chiping, Jiang Zhiquan and Zhou Yunnong.