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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)

2010 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 2010 first quarterly report, and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the information contained in the 2010 first quarterly report.
- 1.2 All of the Company's directors attended the Board meeting convened on 28 April 2010 to approve the 2010 first quarterly report.
- 1.3 The financial statements of the Company's 2010 first quarterly report were unaudited.
- 1.4 Mr. Rong Guangdao, Chairman and President of the Company, Mr. Ye Guohua, 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 2010 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 2010)	As at the end of the previous year (31 December 2009)	<i>Currency: RMB</i> Increase/(decrease) as compared to the end of the previous year (%)
Total assets (RMB'000)	31,008,215	30,458,322	1.805
Equity attributable to equity shareholders of the Company (RMB'000)	16,242,068	15,346,073	5.839
Net asset value per share attributable to equity shareholders of the Company (RMB)	2.256	2.131	5.839
		From the beginning of the year to the end of the reporting period (January 2010 to March 2010)	Increase/(decrease) as compared to the corresponding period of the previous year (%)
Net cash flow from operating activities (RMB'000)		(335,612)	(118.679)
Net cash flow per share from operating activities (RMB)		(0.047)	(118.679)
		From the beginning of the year to the end of the reporting period (January 2010 to March 2010)	Increase/(decrease) as compared to the corresponding period of the previous year (%)
	The reporting period (January 2010 to March 2010)	reporting period (January 2010 to March 2010)	Increase/(decrease) as compared to the corresponding period of the previous year (%)
Net profit attributable to equity shareholders of the Company (RMB'000)	895,015	895,015	445.505
Basic earnings per share (RMB)	0.124	0.124	445.505
Basic earnings per share excluding non-recurring items (RMB)	0.125	0.125	1,150.000
Diluted earnings per share (RMB)	0.124	0.124	445.505
Fully diluted return on net assets (%)	5.510	5.510	Increased by 4.340 percentage points
Fully diluted return on net assets excluding non-recurring items (%)	5.524	5.524	Increased by 5.016 percentage points

Excluding non-recurring items and amount:

	From the beginning of the year to the end of the reporting period (January 2010 to March 2010) <i>(RMB'000)</i>
Non-recurring items	
Net loss from disposal of non-current assets	(2,509)
Employee reduction expenses	(699)
Government grants accounted for in profit and loss (except for government grants under the State's unified standards on quota and amount entitlements and closely related to corporate business)	2,500
Interest income from entrusted loan	563
Other non-operating income and expenses other than those mentioned above	(3,064)
Income tax effect	802
Effect due to minority shareholders equity (after tax)	<u>186</u>
Total	<u>(2,221)</u>

2.2 Number of shareholders as at 31 March 2010 and shareholding of the top ten shareholders of shares in circulation

Total number of shareholders as at 31 March 2010 114,814

Shareholding of the top ten shareholders of shares in circulation

Name of shareholder	Number of shares in circulation held as at 31 March 2010	Type of shares
HKSCC (Nominees) Ltd. (香港中央結算 (代理人)公司)	2,300,402,101	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)	54,800,000	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)	37,679,485	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)	27,863,884	RMB-denominated ordinary shares
Bank of China-Harvest Income Growth Securities Investment Fund (中國銀行-嘉實成長收益型證券投資基金)	17,994,280	RMB-denominated ordinary shares
China Life Insurance Company Limited — Dividend — Individual Dividend — 005L — FH002 Shanghai (中國人壽保險股份有限公司-分紅-個人分紅-005L-FH002滬)	13,844,819	RMB-denominated ordinary shares
China Life Insurance Company Limited — Traditional — Ordinary Insurance Product — 005L — CT001 Shanghai (中國人壽保險股份有限公司-傳統-普通保險產品-005L-CT001滬)	13,678,194	RMB-denominated ordinary shares
China Life Insurance (Group) Company Limited — Traditional — General Insurance Products (中國人壽保險(集團)公司-傳統-普通保險產品)	9,406,740	RMB-denominated ordinary shares
Bank Of China Limited — Harvest Research Selective Equity Securities Investment Fund (中國銀行股份有限公司-嘉實研究精選股票型證券投資基金)	7,791,741	RMB-denominated ordinary shares
Bank of China — Harvest Shanghai and Shenzhen 300 Index Securities Investment Fund (中國銀行-嘉實滬深300指數證券投資基金)	6,244,342	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
	2010	2009			
Operating income	18,739,405	9,072,948	9,666,457	106.54	Sales volumes and sales prices for the three months ended 31 March 2010 increased significantly as compared to the corresponding period of the previous year.
Operating profit	1,145,336	146,193	999,143	683.44	Sales volumes for the three months ended 31 March 2010 increased significantly as compared to the corresponding period of the previous year, which led to a strong performance in operating results.
Profit before income tax	1,142,263	234,584	907,679	386.93	
Net profit for the period	894,517	177,497	717,020	403.96	
Net profit attributable to equity shareholders of the Company	895,015	164,071	730,944	445.51	
Total comprehensive income	894,517	190,883	703,634	368.62	
Total comprehensive income attributable to equity shareholders of the Company	895,015	177,457	717,558	404.36	
Operating costs	15,860,056	7,469,981	8,390,075	112.32	For the three months ended 31 March 2010, cost of crude oil and products sales volume increased significantly as compared to the corresponding period of the previous year.
Business taxes and surcharges	1,268,101	892,265	375,836	42.12	Sales volume of petroleum products increased.
Selling and distribution expenses	125,493	87,642	37,851	43.19	With increased sales, selling and distribution expense increased correspondingly.
Investment income	194,011	94,605	99,406	105.07	Under equity accounting method, investment income from share of the profits of associates increased.
Income tax	247,746	57,087	190,659	333.98	With strong performance in operating results, income tax increased correspondingly.

3.2 Implementation of dividend policy during the reporting period

The 2009 profit distribution plan was passed at the 11th meeting of the sixth session of the Board meeting held on 26 March 2010. Based on the total share capital of 7.2 billion shares as at 31 December 2009, a dividend of RMB0.30 (tax inclusive) per 10 shares is distributed. The distribution plan is subject to the approval by the Company's 2009 annual general meeting.

§4 APPENDIX

4.1 Consolidated Balance Sheet (*unaudited*)

As at 31 March 2010

	31 March 2010	31 December 2009
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Assets		
Current assets		
Cash at bank and on hand	212,815	125,917
Bills receivable	1,266,261	603,701
Accounts receivable	878,498	534,948
Prepayments	448,330	127,568
Dividends receivable	1,225	—
Other receivables	68,924	85,457
Inventories	7,169,680	6,883,834
Other current assets	4,606	700,000
Total current assets	<u>10,050,339</u>	<u>9,061,425</u>
Non-current assets		
Long-term receivables	100,000	100,000
Long-term equity investments	3,157,445	2,969,646
Investment property	475,933	479,247
Fixed assets	14,817,909	15,205,731
Construction in progress	407,635	363,646
Intangible assets	552,279	557,172
Long-term deferred expenses	182,560	212,325
Deferred tax assets	1,264,115	1,509,130
Total non-current assets	<u>20,957,876</u>	<u>21,396,897</u>
Total assets	<u>31,008,215</u>	<u>30,458,322</u>

	31 March 2010	31 December 2009
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Liabilities and Shareholders' equity		
Current liabilities		
Short-term loans	7,714,596	6,700,398
Bills payable	976,634	722,271
Accounts payable	3,522,030	3,664,996
Advances from customers	437,091	529,282
Employee benefits payable	26,043	27,674
Taxes payable	498,823	635,930
Interest payable	7,790	20,155
Other payables	676,202	903,944
Short-term debentures payable	—	1,000,000
Non-current liabilities due within one year	<u>74,275</u>	<u>74,275</u>
Total current liabilities	<u>13,933,484</u>	<u>14,278,925</u>
Non-current liabilities		
Long-term loans	304,258	304,258
Other non-current liabilities	<u>238,211</u>	<u>234,781</u>
Total non-current liabilities	<u>542,469</u>	<u>539,039</u>
Total liabilities	<u>14,475,953</u>	<u>14,817,964</u>
Shareholders' equity		
Share capital	7,200,000	7,200,000
Specific reserve*	980	—
Capital reserve	2,882,278	2,882,278
Surplus reserve	4,801,766	4,801,766
Retained earnings	<u>1,357,044</u>	<u>462,029</u>
Total equity attributable to equity shareholders of the Company	16,242,068	15,346,073
Minority interests	<u>290,194</u>	<u>294,285</u>
Total equity	<u>16,532,262</u>	<u>15,640,358</u>
Total liabilities and shareholders' equity	<u>31,008,215</u>	<u>30,458,322</u>

* Specific reserve represents safety fees accrued in accordance to national regulations.

Balance Sheet (unaudited)**As at 31 March 2010**

	31 March 2010	31 December 2009
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Assets		
Current assets		
Cash at bank and on hand	129,492	101,076
Bills receivable	1,086,044	542,739
Accounts receivable	772,998	432,686
Prepayments	446,330	125,419
Other receivables	30,007	49,270
Inventories	6,912,204	6,658,450
Other current assets	4,606	700,000
Total current assets	<u>9,381,681</u>	<u>8,609,640</u>
Non-current assets		
Long-term equity investments	4,225,084	4,035,372
Investment property	535,752	539,482
Fixed assets	14,157,475	14,541,119
Construction in progress	407,367	353,637
Intangible assets	442,191	445,450
Long-term deferred expenses	181,060	210,575
Deferred tax assets	1,263,754	1,508,769
Total non-current assets	<u>21,212,683</u>	<u>21,634,404</u>
Total assets	<u>30,594,364</u>	<u>30,244,044</u>
Liabilities and Shareholders' equity		
Current liabilities		
Short-term loans	7,416,196	6,424,998
Bills payable	1,000,821	878,105
Accounts payables	3,144,887	3,350,364
Advances from customers	398,236	513,071
Employee benefits payable	22,845	24,118
Taxes payable	497,491	627,964
Interest payable	7,790	20,155
Other payables	1,302,319	1,518,220
Short-term debentures payable	—	1,000,000
Total current liabilities	<u>13,790,585</u>	<u>14,356,995</u>

	31 March 2010	31 December 2009
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Non-current liabilities		
Long-term loans	450,000	450,000
Other non-current liabilities	<u>238,211</u>	<u>234,781</u>
Total non-current liabilities	<u>688,211</u>	<u>684,781</u>
Total liabilities	<u>14,478,796</u>	<u>15,041,776</u>
Shareholders' equity		
Share capital	7,200,000	7,200,000
Specific reserve*	980	—
Capital reserve	2,882,278	2,882,278
Surplus reserve	4,801,766	4,801,766
Retained earnings	<u>1,230,544</u>	<u>318,224</u>
Total equity	<u>16,115,568</u>	<u>15,202,268</u>
Total liabilities and shareholders' equity	<u>30,594,364</u>	<u>30,244,044</u>

* Specific reserve represents safety fees accrued in accordance to national regulations.

Consolidated Income Statements (*unaudited*)
For the three months ended 31 March 2010

	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Operating income	18,739,405	9,072,948
Less: Operating costs	15,860,056	7,469,981
Business taxes and surcharges	1,268,101	892,265
Selling and distribution expenses	125,493	87,642
General and administrative expenses	469,293	466,906
Financial expenses	64,298	111,022
Impairment loss/(reversal)	839	(16,767)
Add: Loss from changes in fair value	—	(10,311)
Investment income	194,011	94,605
(Including: income from investment in associates and jointly controlled entities)	<u>194,025</u>	<u>39,250</u>
Operating profit	1,145,336	146,193
Add: Non-operating income	6,814	96,194
Less: Non-operating expenses	9,887	7,803
(Including: losses from disposal of non-current assets)	<u>2,772</u>	<u>887</u>
Profit before income tax	1,142,263	234,584
Less: Income tax	<u>247,746</u>	<u>57,087</u>
Net profit for the period	<u>894,517</u>	<u>177,497</u>
Attributable to:		
Equity shareholders of the Company	895,015	164,071
Minority shareholders	(498)	13,426
Earnings per share:		
Basic and diluted earnings per share	<u>0.124</u>	<u>0.023</u>
Other total comprehensive income	<u>—</u>	<u>13,386</u>
Total comprehensive income	<u>894,517</u>	<u>190,883</u>
Attributable to equity shareholders of the Company	895,015	177,457
Attributable to minority shareholders	(498)	13,426

Income Statements (unaudited)**For the three months ended 31 March 2010**

	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Operating income	16,448,477	7,913,698
Less: Operating costs	13,616,456	6,385,891
Business taxes and surcharges	1,267,471	891,656
Selling and distribution expenses	104,320	68,861
General and administrative expenses	436,992	412,719
Financial expenses	60,785	105,444
Impairment loss/(reversal)	—	(11,609)
Add: Loss from changes in fair value	—	(10,311)
Investment income	197,118	75,405
(Including: income from investment in associates and jointly controlled entities)	<u>189,712</u>	<u>35,682</u>
Operating profit	1,159,571	125,830
Add: Non-operating income	6,691	95,813
Less: Non-operating expenses	8,927	7,668
(Including: losses from disposal of non-current assets)	<u>1,872</u>	<u>816</u>
Profit before income tax	1,157,335	213,975
Less: Income tax	<u>245,015</u>	<u>44,573</u>
Net profit for the period	<u>912,320</u>	<u>169,402</u>
Other total comprehensive income for the period	<u>—</u>	<u>22,155</u>
Total comprehensive income	<u>912,320</u>	<u>191,557</u>

Consolidated Cash Flow Statement (*unaudited*)
For the three months ended 31 March 2010

	2010 <i>RMB'000</i> <i>(Unaudited)</i>	2009 <i>RMB'000</i> <i>(Unaudited)</i>
Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	20,944,180	10,211,546
Other cash received relating to operating activities	<u>4,051</u>	<u>1,144</u>
Sub-total of cash inflows from operating activities	<u>20,948,231</u>	<u>10,212,690</u>
Cash paid for goods and services	(18,607,269)	(7,372,278)
Cash paid to and for employees	(397,974)	(393,897)
Cash paid for all types of taxes	(2,203,484)	(583,443)
Other cash paid relating to operating activities	<u>(75,116)</u>	<u>(66,313)</u>
Sub-total of cash outflows from operating activities	<u>(21,283,843)</u>	<u>(8,415,931)</u>
Net cash (outflow)/inflow from operating activities	<u>(335,612)</u>	<u>1,796,759</u>
Cash flows from investing activities:		
Cash received from disposal of investments	700,000	57,572
Cash received from investment income	4,987	—
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,047	95,555
Other cash received relating to investing activities	<u>6,979</u>	<u>4,487</u>
Sub-total of cash inflows from investing activities	<u>713,013</u>	<u>157,614</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	<u>(221,636)</u>	<u>(557,854)</u>
Sub-total of cash outflows from investing activities	<u>(221,636)</u>	<u>(557,854)</u>
Net cash inflow/(outflow) from investing activities	<u>491,377</u>	<u>(400,240)</u>
Cash flows from financing activities:		
Cash received from borrowings	<u>11,823,830</u>	<u>4,664,330</u>
Sub-total of cash inflows from financing activities	<u>11,823,830</u>	<u>4,664,330</u>
Cash repayments of borrowings	(11,810,620)	(5,909,830)
Cash paid for dividends, profits distribution and interest	<u>(82,032)</u>	<u>(126,489)</u>
Sub-total of cash outflows from financing activities	<u>(11,892,652)</u>	<u>(6,036,319)</u>
Net cash outflow from financing activities	<u>(68,822)</u>	<u>(1,371,989)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>(45)</u>	<u>(65)</u>
Net increase in cash and cash equivalents	86,898	24,465
Add: Cash and cash equivalents at the beginning of the period	<u>125,917</u>	<u>627,685</u>
Cash and cash equivalents at the end of the period	<u>212,815</u>	<u>652,150</u>

Cash Flow Statement (*unaudited*)
For the three months ended 31 March 2010

	2010	2009
	<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	18,238,605	8,890,076
Other cash received relating to operating activities	<u>3,928</u>	<u>775</u>
Sub-total of cash inflows from operating activities	<u>18,242,533</u>	<u>8,890,851</u>
Cash paid for goods and services		
Cash paid to and for employees	(16,034,085)	(6,231,075)
Cash paid for all types of taxes	(368,189)	(342,206)
Other cash paid relating to operating activities	<u>(2,164,587)</u>	<u>(577,564)</u>
Sub-total of cash outflows from operating activities	<u>(18,619,447)</u>	<u>(7,197,009)</u>
Net cash (outflow)/inflow from operating activities	<u>(376,914)</u>	<u>1,693,842</u>
Cash flows from investing activities:		
Cash received from disposal of investments	700,000	41,041
Cash received from investment income	7,406	—
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	971	95,613
Other cash received relating to investing activities	<u>4,956</u>	<u>2,935</u>
Sub-total of cash inflows from investing activities	<u>713,333</u>	<u>139,589</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		
Sub-total of cash outflows from investing activities	<u>(221,554)</u>	<u>(557,341)</u>
Net cash inflow/(outflow) from investing activities	<u>491,779</u>	<u>(417,752)</u>
Cash flows from financing activities:		
Cash received from borrowings	<u>11,790,830</u>	<u>4,623,821</u>
Sub-total of cash inflows from financing activities	<u>11,790,830</u>	<u>4,623,821</u>
Cash repayments of borrowings		
Cash paid for dividends, profits distribution and interest	(11,800,409)	(5,829,186)
Sub-total of cash outflows from financing activities	<u>(76,826)</u>	<u>(121,168)</u>
Sub-total of cash outflows from financing activities	<u>(11,877,235)</u>	<u>(5,950,354)</u>

	2010	2009
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net cashflow from financing activities	(86,405)	(1,326,533)
	-----	-----
Effect of foreign exchange rate changes on cash and cash equivalents	(44)	(65)
	-----	-----
Net increase/(decrease) in cash and cash equivalents	28,416	(50,508)
Add: Cash and cash equivalents at the beginning of the period	101,076	294,786
	-----	-----
Cash and cash equivalents at the end of the period	<u>129,492</u>	<u>244,278</u>

By order of the Board
Rong Guangdao
Chairman

Shanghai, the PRC, 28 April 2010

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.