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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)

2011 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) and (2) 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 2011 first quarterly report, and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this report.
- 1.2 All of the Company's directors attended the Board meeting.
- 1.3 The financial statements of the Company's first quarterly report were unaudited.
- 1.4 Mr. Rong Guangdao, Chairman of the Company, Mr. Ye Guohua, Chief Financial Officer overseeing the accounting operations and Mr. Zhou Meiyun, Finance Manager and Accounting Chief hereby warrant the truthfulness and completeness of the financial report contained in the 2011 first quarterly report.

§2 BASIC INFORMATION OF THE COMPANY

2.1 Major Accounting Data and Financial Indicators

Currency: RMB

	As at the end of the reporting period	As at the end of the previous year	Increase/(decrease) as compared to the end of the previous year (%)
Total assets (RMB'000)	33,077,190	29,158,104	13.441
Equity attributable to equity shareholders of the Company (RMB'000)	18,842,949	17,913,040	5.191
Net asset value per share attributable to equity shareholders of the Company (RMB/share)	2.617	2.488	5.191
	From the beginning of the year to the end of the reporting period		Increase/(decrease) as compared to the corresponding period of the previous year (%)
Net cash flow from operating activities (RMB'000)		-972,544	189.782
Net cash flow per share from operating activities (RMB/share)		-0.135	189.782
	The reporting period	From the beginning of the year to the end of the reporting period	Increase/(decrease) as compared to the corresponding period of the previous year (%)
Net profit attributable to equity shareholders of the Company (RMB'000)	911,610	911,610	1.854
Basic earnings per share (RMB/share)	0.127	0.127	1.854
Basic earnings per share excluding non-recurring items (RMB/share)	0.127	0.127	1.600
Diluted earnings per share (RMB/share)	0.127	0.127	1.854
Return on net assets (weighted average) (%)	4.960	4.960	Decreased by 0.707 percentage point
Return on net assets excluding non-recurring items (weighted average) (%)	4.990	4.990	Decreased by 0.691 percentage point

Non-recurring items and amount:

RMB'000

Item	Amount
Net loss on disposal of non-current assets	-3,295
Employee reduction expenses	-646
Government grants charged in profit and loss (excluding those closely related to business operation, received on a quantified scale specified by state standards)	2,740
Gain from entrusted loans	326
Other non-operating income and expenses other than those mentioned above	-5,970
Income tax effect	1,655
Effect on minority interests (after tax)	-191
Total	-5,381

2.2 Number of shareholders as at the end of the reporting period and shareholding of the top ten shareholders of shares in circulation

Unit: Share

Total number of shareholders as at the end of the reporting period		113,141
Shareholding of the top ten shareholders of shares in circulation		
Name of shareholders (in full)	Number of shares in circulation held as at the end of the reporting period	Type of shares
HKSCC (Nominees) Ltd.	2,294,492,101	Overseas listed foreign 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)	57,291,419	RMB-denominated ordinary shares
ICBC — China Universal Balanced Growth Securities Investment Fund (中國工商銀行—匯添富均衡增長股票型證券投資基金)	22,771,175	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)	14,408,194	RMB-denominated ordinary shares
ICBC — China Universal Growth Target Stock Fund (中國工商銀行—匯添富成長焦點股票型證券投資基金)	12,839,948	RMB-denominated ordinary shares
China Life Insurance Company Limited — Bonus — Individual Bonus — 005L — FH002 Shanghai (中國人壽保險股份有限公司—分紅—個人分紅—005L—FH002 滬)	9,166,204	RMB-denominated ordinary shares

ICBC — China Universal Advantage Selective Mixed Fund (中国工商银行—匯添富優勢精選混合型證券投資基金)	8,574,883	RMB-denominated ordinary shares
ICBC — Invesco Great Wall Selective Blue Chip Fund (中国工商银行—景顺长城精选蓝筹股票型證券投資基金)	6,015,105	RMB-denominated ordinary shares
IP KOW	5,432,000	Overseas listed foreign shares
Bank of Communications — Guotai Gold Eagle Growth Fund (交通銀行—國泰金鷹增長證券投資基金)	5,009,175	RMB-denominated ordinary shares

§3 Major Events

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

RMB'000

Item	As at 31 March 2011	As at 31 March 2010	Increase amount	Change (%)	Reasons for change
Bills receivable	2,665,841	2,043,493	622,348	30.46	Operating income increased.
Inventories	8,611,009	5,352,301	3,258,708	60.88	The purchase of crude oil at the end of the reporting period increased, and the price of raw materials increased significantly during the reporting period.
Short-term loans	4,743,003	3,295,438	1,447,565	43.93	The Company borrowed short-term loans to meet the funding needs during the reporting period.
Accounts payable	5,447,917	3,322,811	2,125,106	63.96	The payables for the purchase of crude oil at the end of the reporting period increased.
Retained earnings	3,581,825	2,670,215	911,610	34.14	Profit during the reporting period increased.

Item	For the three-month period ended 31 March		Increase amount	Change(%)	Reasons for change
	2011	2010			
Operating income	24,633,858	18,739,405	5,894,453	31.45	Both the sales volume and unit price increased.
Operating costs	20,882,563	15,860,056	5,022,507	31.67	Unit cost of crude oil increased as a result of the increase in international crude oil prices. The volume of crude oil processed also increased during the reporting period.
Selling and distribution expenses	164,120	125,493	38,627	30.78	Selling expenses increased following the increase in sales volume.
General and administrative expenses	679,532	469,293	210,239	44.80	The repair and maintenance fees increased during the reporting period.
Impairment losses	184,726	839	183,887	21,917.40	Inventory provision increased significantly during the reporting period.

3.2 Implementation of dividend policy during the reporting period

The 2010 profit distribution plan was considered and approved at the 19th meeting of sixth session of the Board of the Company held on 25 March 2011. Based on the total share capital of 7.2 billion shares as at 31 December 2010, a dividend of RMB1.00 (tax inclusive) per 10 shares was distributed. The profit distribution plan is subject to the approval by the 2010 annual general meeting.

§4 Appendix

4.1 Consolidated Balance Sheet (*Unaudited*) As at 31 March 2011

Unit: RMB'000

Item	31 March 2011	31 December 2010
	<i>(Unaudited)</i>	<i>(Audited)</i>
Current assets:		
Cash at bank and on hand	270,608	100,110
Bills receivable	2,665,841	2,043,493
Accounts receivable	959,311	751,935
Prepayments	266,222	146,865
Dividends receivable	5,042	5,042
Other receivables	62,318	58,185
Inventories	8,611,009	5,352,301
Other current assets	75,342	73,910
Total current assets	12,915,693	8,531,841
Non-current assets:		
Long-term receivables	30,000	30,000
Long-term equity investments	3,623,428	3,526,290
Investment property	462,493	465,805
Fixed assets	13,402,750	13,802,184
Construction in progress	1,330,096	1,192,225
Intangible assets	532,999	537,599
Long-term deferred expenses	244,125	261,706
Deferred tax assets	535,606	810,454
Total non-current assets	20,161,497	20,626,263
Total assets	33,077,190	29,158,104

Consolidated Balance Sheet (Unaudited) (Cont'd)
As at 31 March 2011

Unit: RMB'000

Item	31 March 2011	31 December 2010
	<i>(Unaudited)</i>	<i>(Audited)</i>
Current liabilities:		
Short-term loans	4,743,003	3,295,438
Bills payable	-	41,034
Accounts payable	5,447,917	3,322,811
Advances from customers	580,302	809,908
Employee benefits payable	103,448	8,920
Taxes payable	668,759	1,042,054
Interest payable	35,416	24,553
Dividends payable	15,414	15,490
Other payables	867,915	834,780
Short-term debentures payable	1,000,000	1,000,000
Non-current liabilities due within one year	100,000	178,237
Total current liabilities	13,562,174	10,573,225
Non-current liabilities:		
Long-term loans	175,000	175,000
Other non-current liabilities	234,046	236,986
Total non-current liabilities	409,046	411,986
Total liabilities	13,971,220	10,985,211
Shareholders' equity:		
Share capital	7,200,000	7,200,000
Capital reserve	2,914,763	2,914,763
Specific reserve	65,047	46,748
Surplus reserve	5,081,314	5,081,314
Retained earnings	3,581,825	2,670,215
Total equity attributable to equity shareholders of the Company	18,842,949	17,913,040
Minority interests	263,021	259,853
Total equity	19,105,970	18,172,893
Total liabilities and shareholders' equity	33,077,190	29,158,104

Balance Sheet (Unaudited)
As at 31 March 2011

Unit: RMB'000

Item	31 March 2011	31 December 2010
	<i>(Unaudited)</i>	<i>(Audited)</i>
Current assets:		
Cash at bank and on hand	209,007	89,224
Bills receivable	2,423,210	1,887,416
Accounts receivable	656,027	347,327
Prepayments	262,219	147,004
Dividends receivable	5,042	5,042
Other receivables	27,835	18,650
Inventories	8,189,825	5,110,036
Other current assets	12,406	21,729
Total current assets	11,785,571	7,626,428
Non-current assets:		
Long-term equity investments	4,661,510	4,578,274
Investment property	520,830	524,560
Fixed assets	12,789,950	13,176,847
Construction in progress	1,313,804	1,176,229
Intangible assets	429,161	432,418
Long-term deferred expenses	243,625	260,956
Deferred tax assets	535,377	810,225
Total non-current assets	20,494,257	20,959,509
Total assets	32,279,828	28,585,937

Balance Sheet (Unaudited) (Cont'd)
As at 31 March 2011

Unit: RMB'000

Item	31 March 2011	31 December 2010
	<i>(Unaudited)</i>	<i>(Audited)</i>
Current liabilities:		
Short-term loans	4,528,403	3,116,438
Bills payable	-	41,034
Accounts payables	4,674,656	2,888,621
Advances from customers	565,882	741,364
Employee benefits payable	99,390	5,060
Taxes payable	665,104	1,013,520
Interest payable	35,405	24,553
Dividends payable	15,414	15,490
Other payables	1,358,957	1,325,260
Short-term debentures payable	1,000,000	1,000,000
Non-current liabilities due within one year	100,000	100,000
Total current liabilities	13,043,211	10,271,340
Non-current liabilities:		
Long-term loans	220,000	220,000
Other non-current liabilities	234,046	236,986
Total non-current liabilities	454,046	456,986
Total liabilities	13,497,257	10,728,326
Shareholders' equity:		
Share capital	7,200,000	7,200,000
Capital reserve	2,914,763	2,914,763
Specific reserve	61,679	43,380
Surplus reserve	5,081,314	5,081,314
Retained earnings	3,524,815	2,618,154
Total equity	18,782,571	17,857,611
Total liabilities and shareholders' equity	32,279,828	28,585,937

4.2 Consolidated Income Statements (Unaudited)
For the three-month period ended 31 March 2011

Unit: RMB'000

Item	2011	2010
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Operating income	24,633,858	18,739,405
Less: Operating costs	20,882,563	15,860,056
Business taxes and surcharges	1,612,892	1,268,101
Selling and distribution expenses	164,120	125,493
General and administrative expenses	679,532	469,293
Financial expenses	7,825	64,298
Impairment losses	184,726	839
Add: Investment income	97,471	194,011
(Including: Income from investment in associates and jointly controlled entities)	97,471	194,025
Operating profit	1,199,671	1,145,336
Add: Non-operating income	4,259	6,814
Less: Non-operating expenses	10,784	9,887
(Including: Losses from disposal of non-current assets)	3,708	2,772
Profit before income tax	1,193,146	1,142,263
Less: Income tax expense	278,368	247,746
Net profit for the period	914,778	894,517
Attributable to: Equity shareholders of the Company	911,610	895,015
Minority shareholders	3,168	-498
Earnings per share:		
Basic and diluted earnings per share	0.127	0.124
Other comprehensive income	-	-
Total comprehensive income	914,778	894,517
Attributable: Equity shareholders of the Company	911,610	895,015
Minority shareholders	3,168	-498

Income Statements (Unaudited)
For the three-month period ended 31 March 2011

Unit: RMB'000

Item	2011	2010
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Operating income	20,698,979	16,448,477
Less: Operating costs	16,995,596	13,616,456
Business taxes and surcharges	1,610,848	1,267,471
Selling and distribution expenses	141,622	104,320
General and administrative expenses	646,787	436,992
Financial expenses	14,276	60,785
Impairment losses	184,726	-
Add: Investment income	83,236	197,118
(Including: Income from investment in associates and jointly controlled entities)	83,236	189,712
Operating profit	1,188,360	1,159,571
Add: Non-operating income	3,933	6,691
Less: Non-operating expenses	10,784	8,927
(Including: Losses from disposal of non-current assets)	3,708	1,872
Profit before income tax	1,181,509	1,157,335
Less: Income tax expense	274,848	245,015
Net profit for the period	906,661	912,320
Other comprehensive income	-	-
Total comprehensive income	906,661	912,320

4.3 Consolidated Cash Flow Statement (Unaudited)
For the three-month period ended 31 March 2011

Unit: RMB'000

Item	2011	2010
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	27,822,950	20,944,180
Other cash received relating to operating activities	1,439	4,051
Sub-total of cash inflows from operating activities	27,824,389	20,948,231
Cash paid for goods and services	-25,404,298	-18,607,269
Cash paid to and for employees	-442,190	-397,974
Cash paid for all types of taxes	-2,822,231	-2,203,484
Other cash paid relating to operating activities	-128,214	-75,116
Sub-total of cash outflows from operating activities	-28,796,933	-21,283,843
Net cash outflow from operating activities	-972,544	-335,612
Cash flows from investing activities:		
Cash received from disposal of investments	14,000	700,000
Cash received from investment income	-	4,987
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	-	1,047
Cash received relating to other investing activities	18,575	6,979
Sub-total of cash inflows from investing activities	32,575	713,013
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	-316,377	-221,636
Cash paid for acquisition of fixed assets	-150	-
Sub-total of cash outflows from investing activities	-316,527	-221,636
Net cash (outflow)/inflow from investing activities	-283,952	491,377

Consolidated Cash Flow Statement (*Unaudited*) (Cont'd)
For the three-month period ended 31 March 2011

Unit: RMB'000

Item	2011	2010
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Cash flows from financing activities:		
Cash received from borrowings	9,716,363	11,823,830
Sub-total of cash inflows from financing activities	9,716,363	11,823,830
Cash repayments of borrowings	-8,241,089	-11,810,620
Cash paid for dividends, profits distribution and interest	-48,151	-82,032
Sub-total of cash outflows from financing activities	-8,289,240	-11,892,652
Net cash inflow/(outflow) from financing activities	1,427,123	-68,822
Effect of foreign exchange rate changes on cash and cash equivalents	-129	-45
Net increase in cash and cash equivalents	170,498	86,898
Add: Balance of cash and cash equivalents at the beginning of the period	100,110	125,917
Balance of cash and cash equivalents at the end of the period	270,608	212,815

Cash Flow Statement (Unaudited)
For the three-month period ended 31 March 2011

Unit: RMB'000

Item	2011	2010
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	23,181,368	18,238,605
Other cash received relating to operating activities	780	3,928
Sub-total of cash inflows from operating activities	23,182,148	18,242,533
Cash paid for goods and services	-20,902,020	-16,034,085
Cash paid to and for employees	-409,248	-368,189
Cash paid for all types of taxes	-2,751,532	-2,164,587
Other cash paid relating to operating activities	-93,971	-52,586
Sub-total of cash outflows from operating activities	-24,156,771	-18,619,447
Net cash outflow from operating activities	-974,623	-376,914
Cash flows from investing activities:		
Cash received from disposal of investments	-	700,000
Cash received from investment income	-	7,406
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	-	971
Cash received relating to other investing activities	15,914	4,956
Sub-total of cash inflows from investing activities	15,914	713,333
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	-313,395	-221,554
Cash paid for acquisition of fixed assets	-150	-
Sub-total of cash outflows from investing activities	-313,545	-221,554
Net cash (outflow)/inflow from investing activities	-297,631	491,779

Cash Flow Statement (Unaudited) (Cont'd)
For the three-month period ended 31 March 2011

Unit: RMB'000

Item	2011	2010
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Cash flows from financing activities:		
Cash received from borrowings	9,679,763	11,790,830
Sub-total of cash inflows from financing activities	9,679,763	11,790,830
Cash repayments of borrowings	-8,240,101	-11,800,409
Cash paid for dividends, profits distribution and interest	-47,516	-76,826
Sub-total of cash outflows from financing activities	-8,287,617	-11,877,235
Net cash inflow/(outflow) from financing activities	1,392,146	-86,405
Effect of foreign exchange rate changes on cash and cash equivalents	-109	-44
Net increase in cash and cash equivalents	119,783	28,416
Add: Balance of cash and cash equivalents at the beginning of the period	89,224	101,076
Balance of cash and cash equivalents at the end of the period	209,007	129,492

By Order of the Board
Rong Guangdao
Chairman

Shanghai, the PRC, 27 April 2011

As at the date of this announcement, the executive directors of the Company are Rong Guangdao, Wang Zhiqing, Wu Haijun, 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.