



# 2008 Annual & 2009Q1 Results Presentation



**SINOPEC SHANGHAI PETROCHEMICAL COMPANY LIMITED**

**All statements, other than statements of historical facts, included in this presentation that address business activities, events or developments (including but not limited to prediction, objective, estimation and operational plan) which Shanghai Petrochemical and its subsidiaries expect or anticipate will or may occur in the future are forward-looking statements.**

**Affected by many variable factors, the future actual results or development trends may appear significant differences compared with these forward-looking statements. These variable factors include but not limited to price volatility, actual demand, exchange rate change, market share, industry competition, environmental risk, law, financial and supervisory change, international economic and financial market condition, political risk, project extension, project approval, cost estimation, and other uncontrollable risk and factor for the company.**

**The company announces that the company have no obligation to update for all those forward-looking statements.**

**The words believe, intend, expect, anticipate, project, estimate, predict and similar expression are also intended to identify forward-looking statements.**

-  **2008 Financial Highlights**
-  **2008 Business Review**
-  **2008 & 2009 Capital Expenditure**
-  **2009 Outlook**



# 2008 Financial Highlights



**Million Yuan**

	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
<b>Turnover</b>	60,227	55,328	50,599	+8.85%
<b>Gross profit</b>	-6,914	1,702	1,018	-
<b>Profit before tax</b>	-8,014	2,151	964	-
<b>Net profit</b>	-6,238	1,634	844	-
<b>EPS (Yuan)</b>	-0.87	0.23	0.12	-

**Prepared under IFRS**

\*Compared with 2007

**Million Yuan**

<b>As at Dec.31</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>Change</b>
<b>Total assets</b>	27,533	29,853	27,406	-7.8%
<b>Total liabilities</b>	13,772	8,901	8,094	+54.7%
<b>Shareholders' equity</b>	13,497	20,648	18,976	-34.6%
<b>Net assets value/share (Yuan)</b>	1.92	2.92	2.69	-34.2%
<b>Debt/total assets ratio</b>	50.0%	29.8%	29.5%	+20.2p.pt

**Prepared under IFRS**

\*Compared with 2007



# 2008 Business Review





**The global financial crisis triggered by the U.S. subprime mortgage meltdown has resulted in world economic recession. The global petrochemical industry has entered into the downturn stage of the cycle. As for China's petrochemical market, growth slowed and demand declined.**



**The Group continued to improve its operation, optimize resource allocation and push forward the execution of its reform and adjustment programmes, and fulfilled its set targets for project construction, R&D, internal management, and cultivation of corporate culture.**



**The Group suffered unprecedented heavy losses for the first time as a result of too high crude oil costs, severely inverted prices of refined oil products with those of crude oil, and a sharp fall in the prices of petrochemical products in the second half of the year.**



**Stable production and operation achieved.**



**Costs of crude oil surged, market demand and product prices dropped abruptly.**



**Energy conservation, emissions and discharge reduction programmes continuously furthered.**



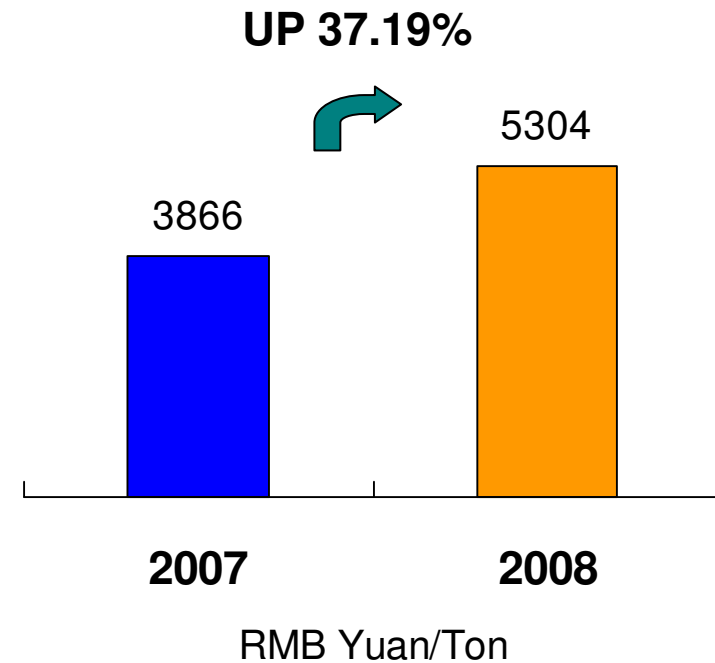
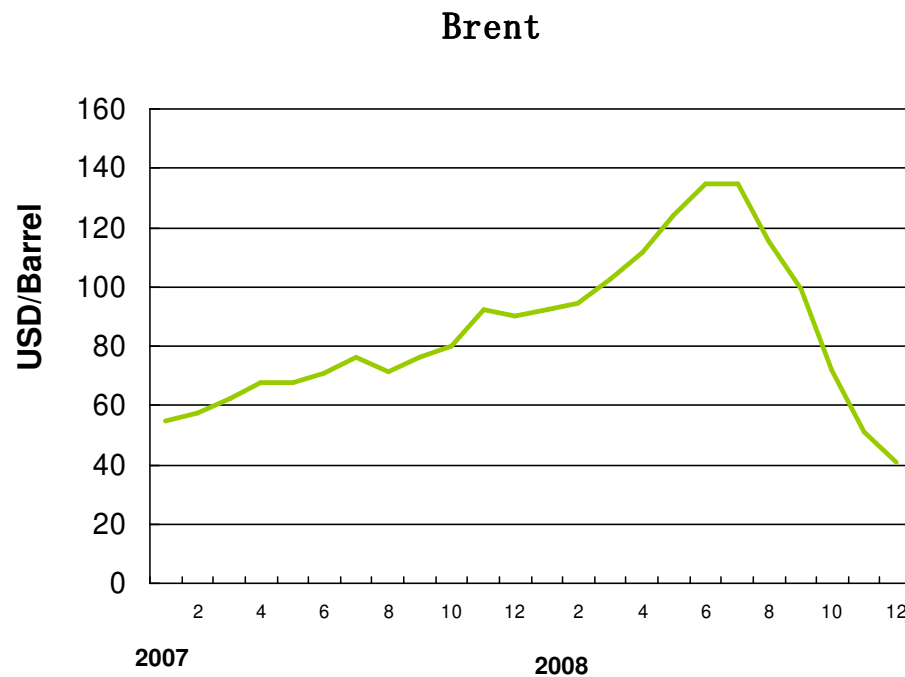
**Technological progress was made in some areas.**



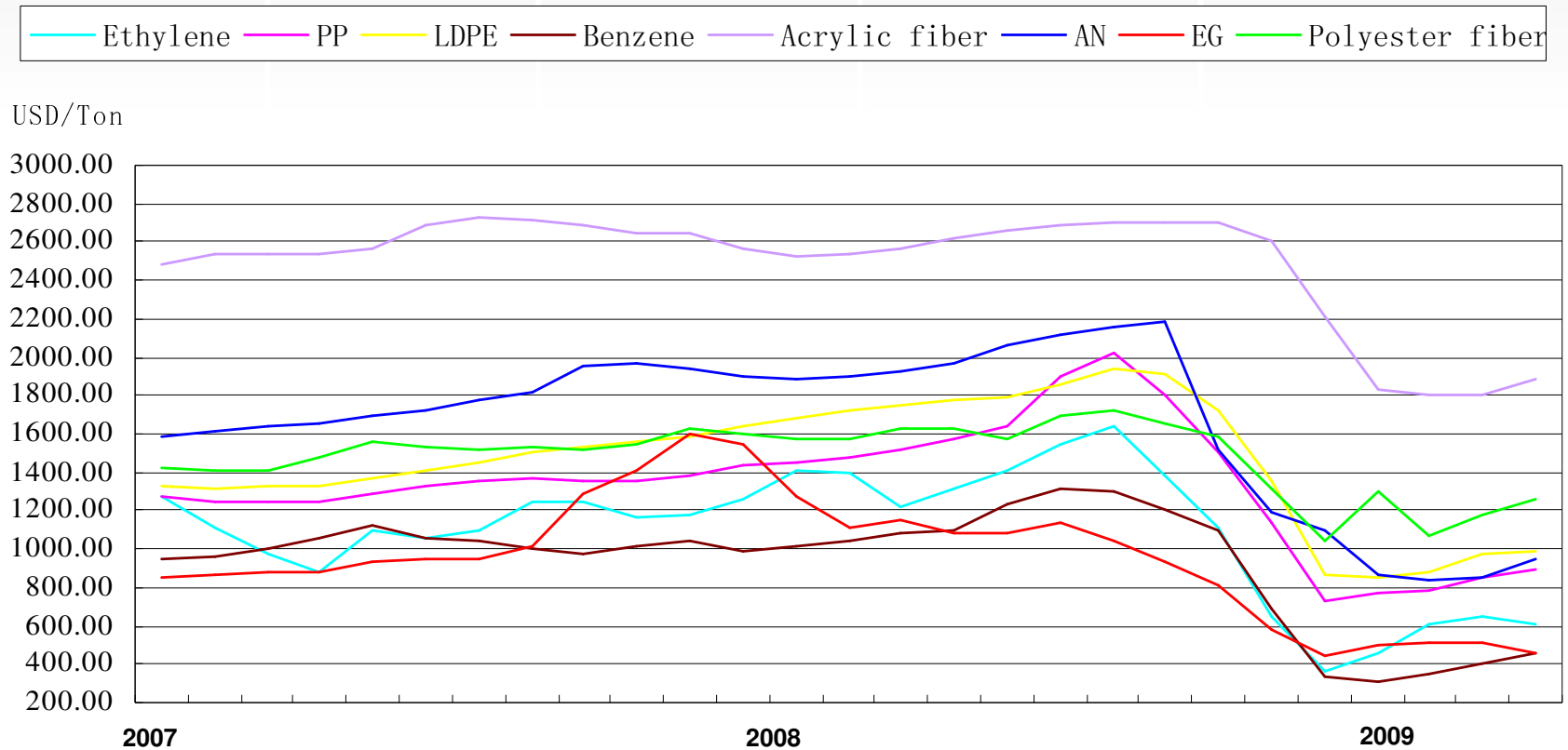
**Reorganization of business divisions of the Company proceeded steadily and orderly.**

# Crude oil prices

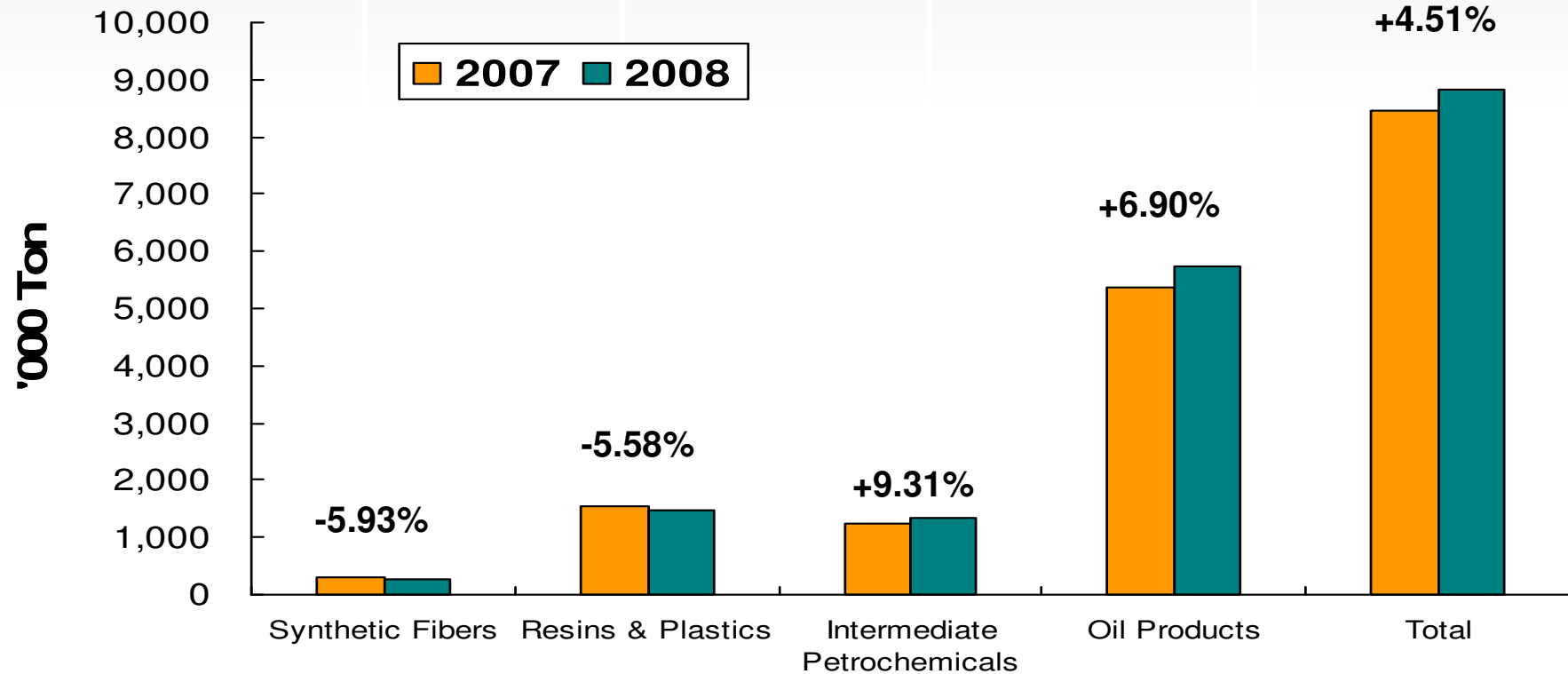
**International crude oil price** **VS.** **Cost of crude oil processed**



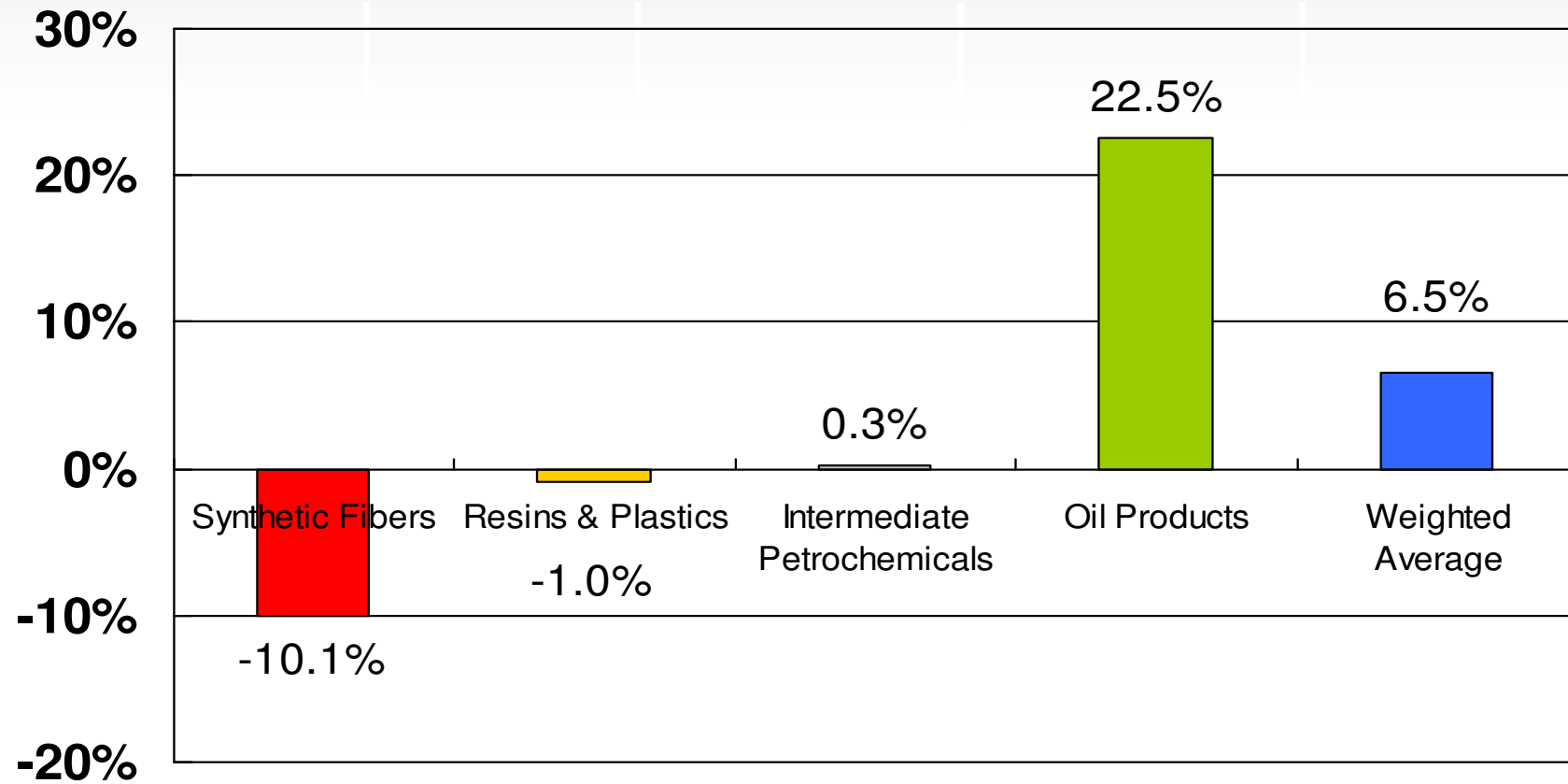
# Movements in Asia market prices



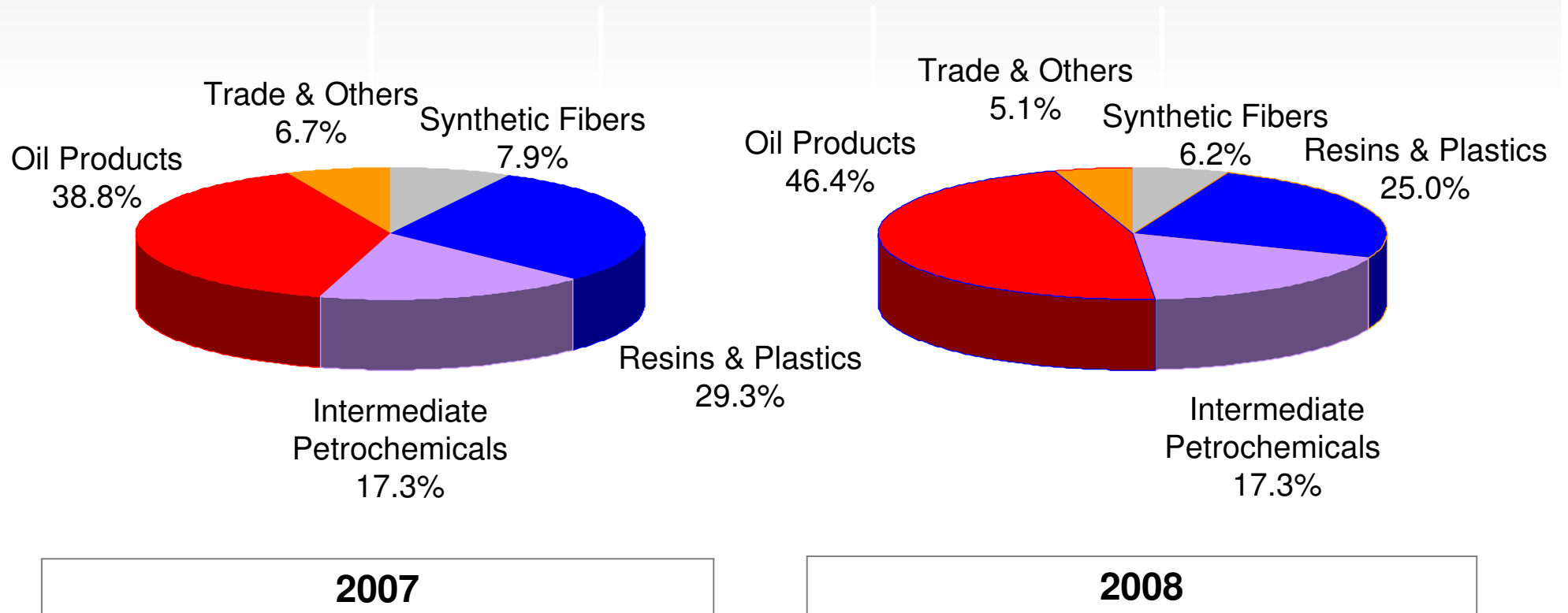
# Changes in sales volume



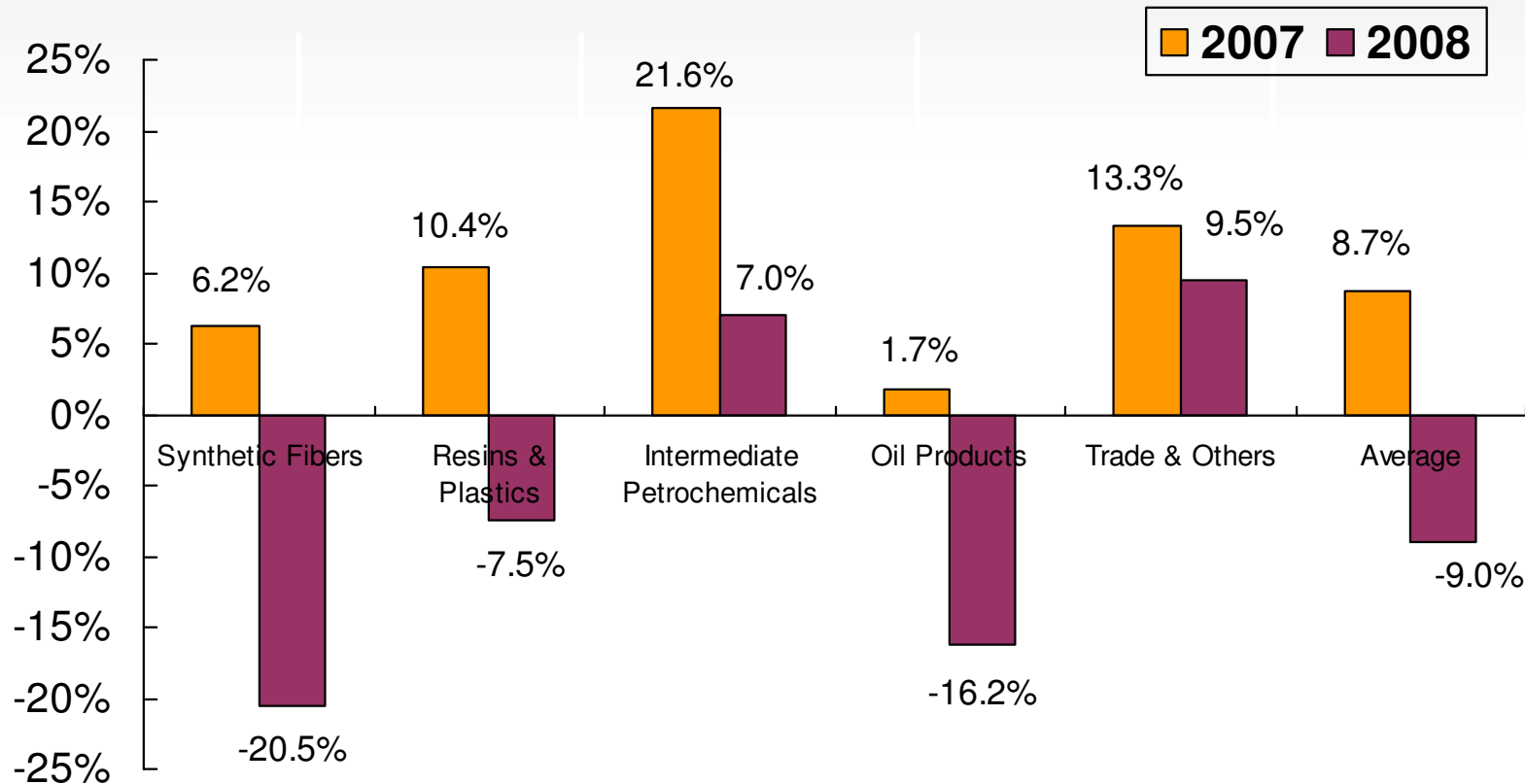
# Changes in average product prices



# Revenue structure



# Changes in operating profit margin





# 2008 & 2009 Capital Expenditure



## **Main capex projects -Completed**

	<b>On Stream Date</b>
<b>620 T/H steam boiler &amp; 100MW generating units</b>	<b>Mar. 2008</b>
<b>Adding recycling hydrogen desulphurization facilities to the hydrocracker of No.2 Aromatics and the systematic flare gas recovery renovation</b>	<b>Dec. 2008</b>

## **Main capex projects -Planned**

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	<b>Date</b>
<b>600,000 T/Y PX Aromatics Complex basically completed</b>	<b>Jun. 2009</b>
<b>150,000 T/Y C5 Fractionation Plant basically completed</b>	<b>May. 2009</b>
<b>No.3 &amp; No.4 flue gas desulphurization project in coal-fired power plant put into operation</b>	<b>Apr. 2009</b>
<b>220KV substation renovation project put into operation</b>	<b>Jun. 2009</b>



# 2009 Outlook



**Million Yuan**

	<b>2009Q1</b>	<b>2008Q4</b>	<b>Link relative</b>	<b>2008Q1</b>	<b>Change</b>
<b>Operating income</b>	<b>9,073</b>	<b>10,447</b>	<b>-13.2%</b>	<b>16,020</b>	<b>-43.4%</b>
<b>Operating profit</b>	<b>146</b>	<b>-4,655</b>	<b>-</b>	<b>-434</b>	<b>-</b>
<b>Total profits</b>	<b>235</b>	<b>-4,534</b>	<b>-</b>	<b>-189</b>	<b>-</b>
<b>Net profit</b>	<b>177</b>	<b>-3,600</b>	<b>-</b>	<b>-202</b>	<b>-</b>
<b>EPS (Yuan)</b>	<b>0.023</b>	<b>-0.547</b>	<b>-</b>	<b>-0.028</b>	<b>-</b>

**Prepared under CAS**

**Million Yuan**

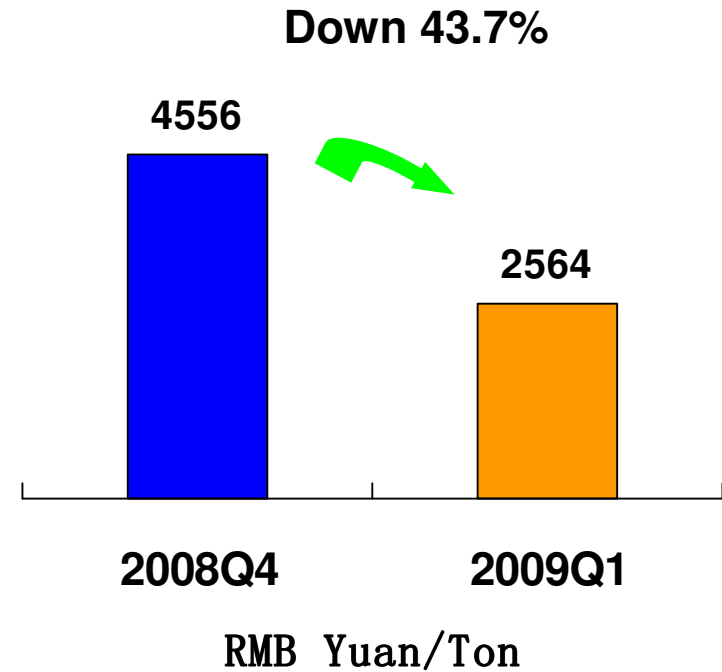
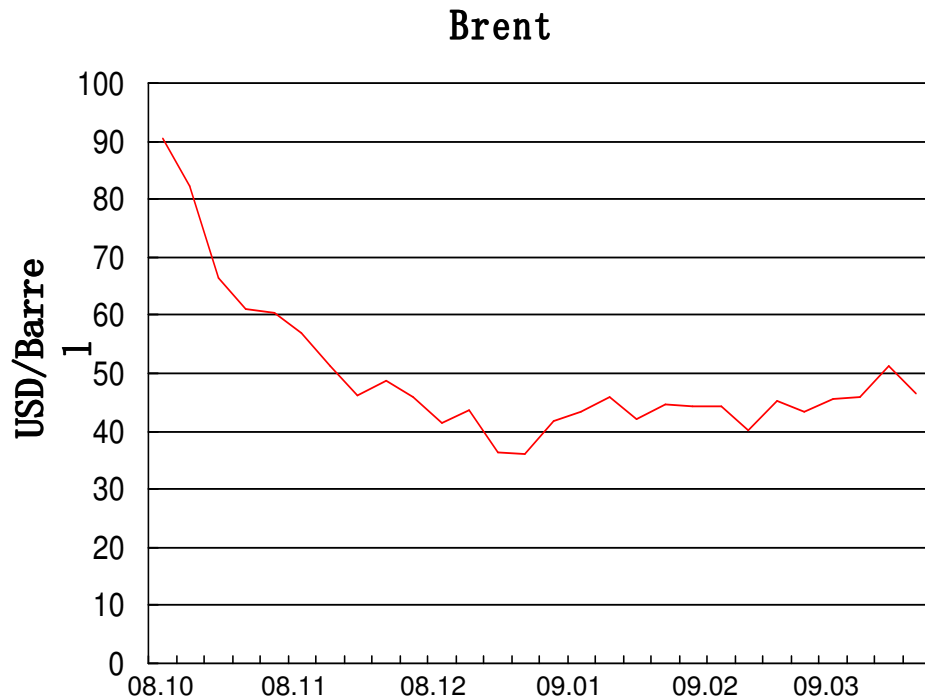
	<b>As at Mar.31,2009</b>	<b>As at Dec.31,2008</b>	<b>change</b>
<b>Total asset</b>	<b>27,465</b>	<b>28,107</b>	<b>-2.29%</b>
<b>Total liabilities</b>	<b>13,168</b>	<b>14,002</b>	<b>-5.96%</b>
<b>Shareholders' equity</b>	<b>14,019</b>	<b>13,841</b>	<b>+1.28%</b>
<b>Net assets value/share (Yuan)</b>	<b>1.947</b>	<b>1.922</b>	<b>+1.28%</b>
<b>Debt/total assets ratio</b>	<b>47.9%</b>	<b>49.8%</b>	<b>-1.9 p.pt</b>

**Prepared under CAS**

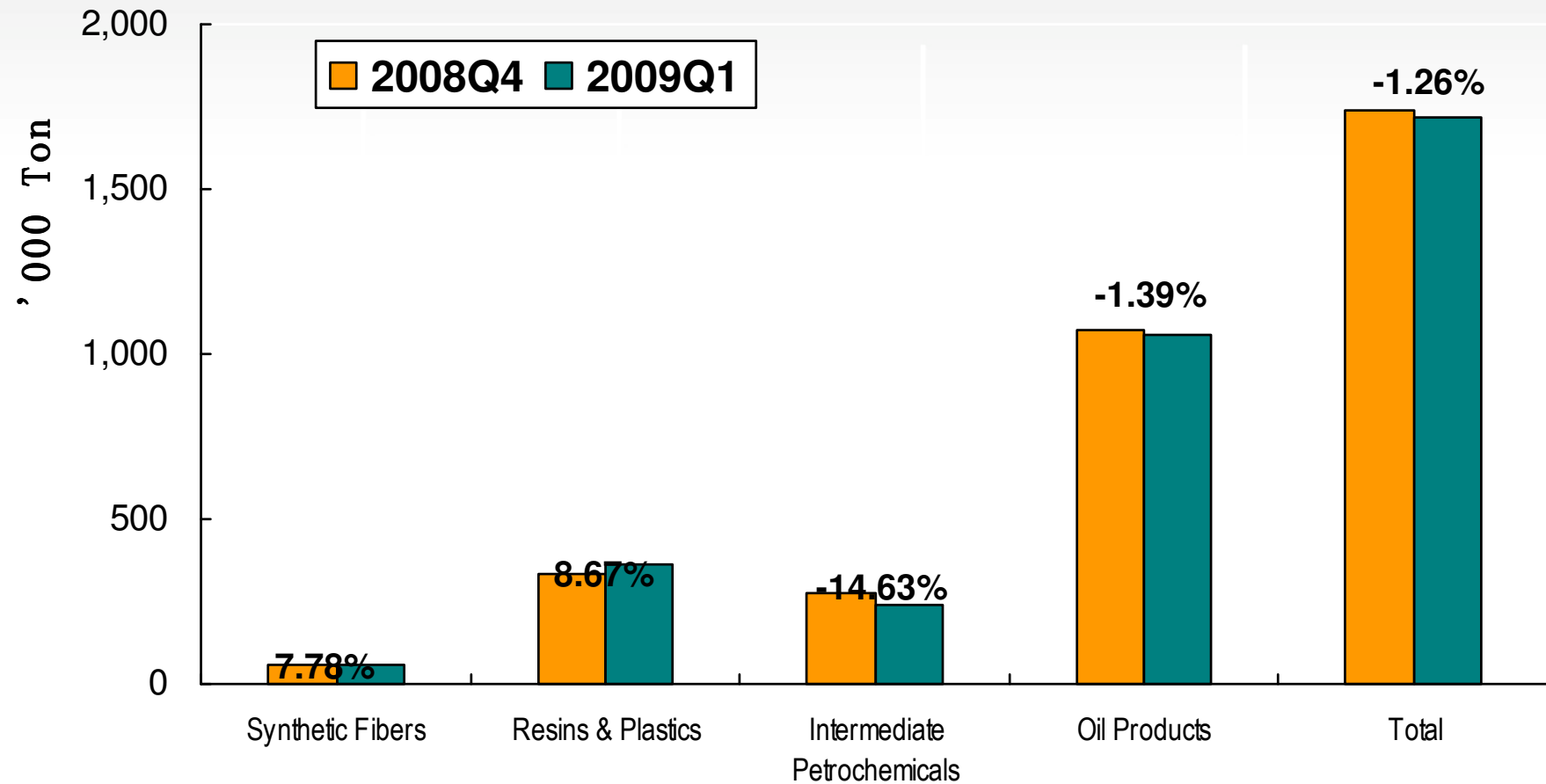
- **The Group's crude oil cost dropped gradually month by month with a substantial decrease in the prices of the international crude oil market.**
- **Under the prevailing crude oil prices, the improved pricing mechanism for refined oil products effective January 1, 2009- based on the "Notice on the implementation of price, Tax and Fee Reform for the Refined Oil Products" promulgated by the State Council on December 18, 2008 - has ended the situation whereby prices of petroleum products were inverted with those of crude oil. This has consequently improved the profitability of the oil refining operation.**
- **After the panic sell-off and sharp decrease, the petrochemical product prices have bottomed out and re-stabilized. Meanwhile, the production load of the relevant petrochemical plants of the Company has increased.**
- **The Company achieved a profit for the first quarter ended 31 March 2009.**

# Crude oil prices

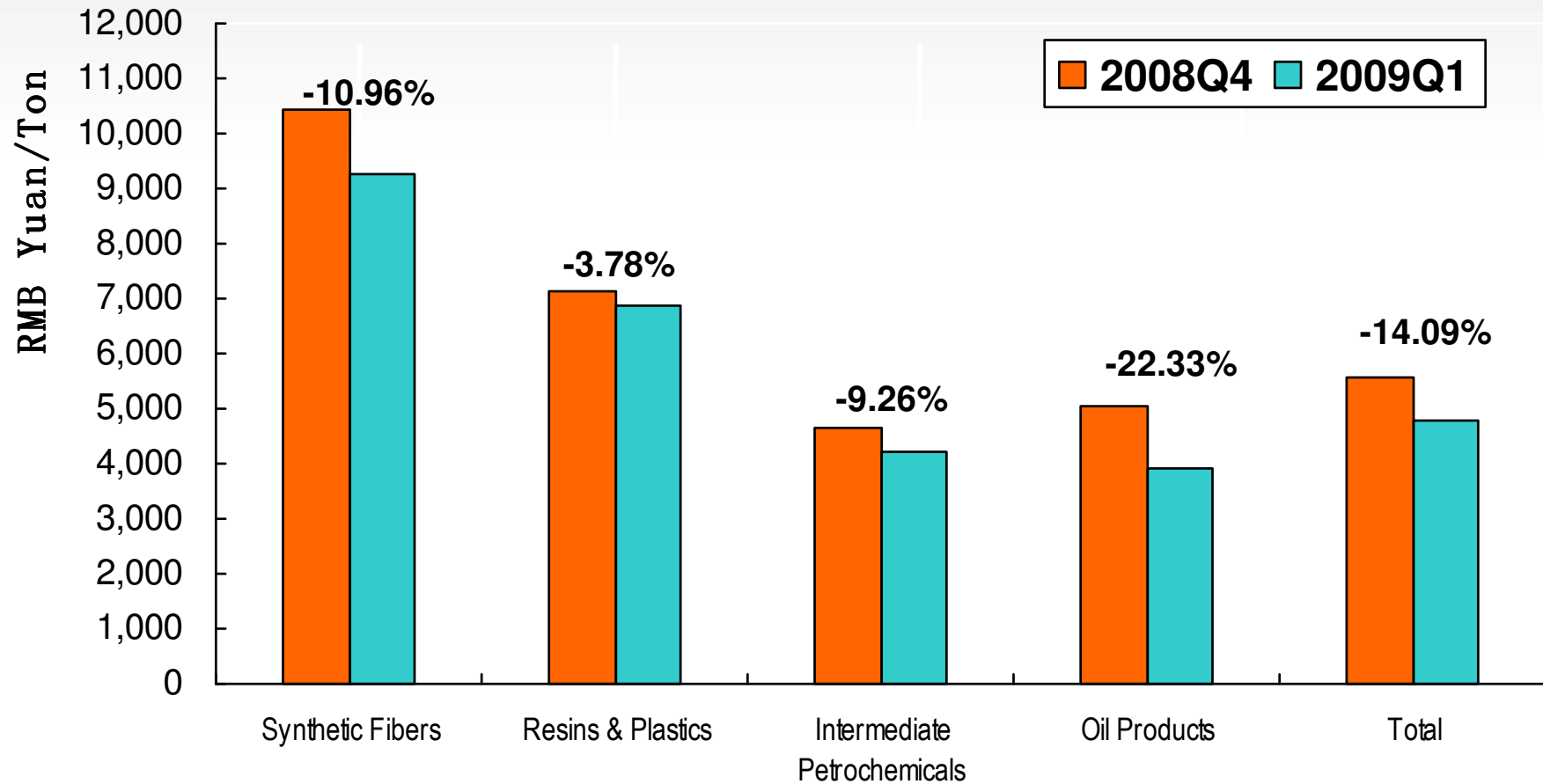
International crude oil price **VS.** Cost of crude oil processed



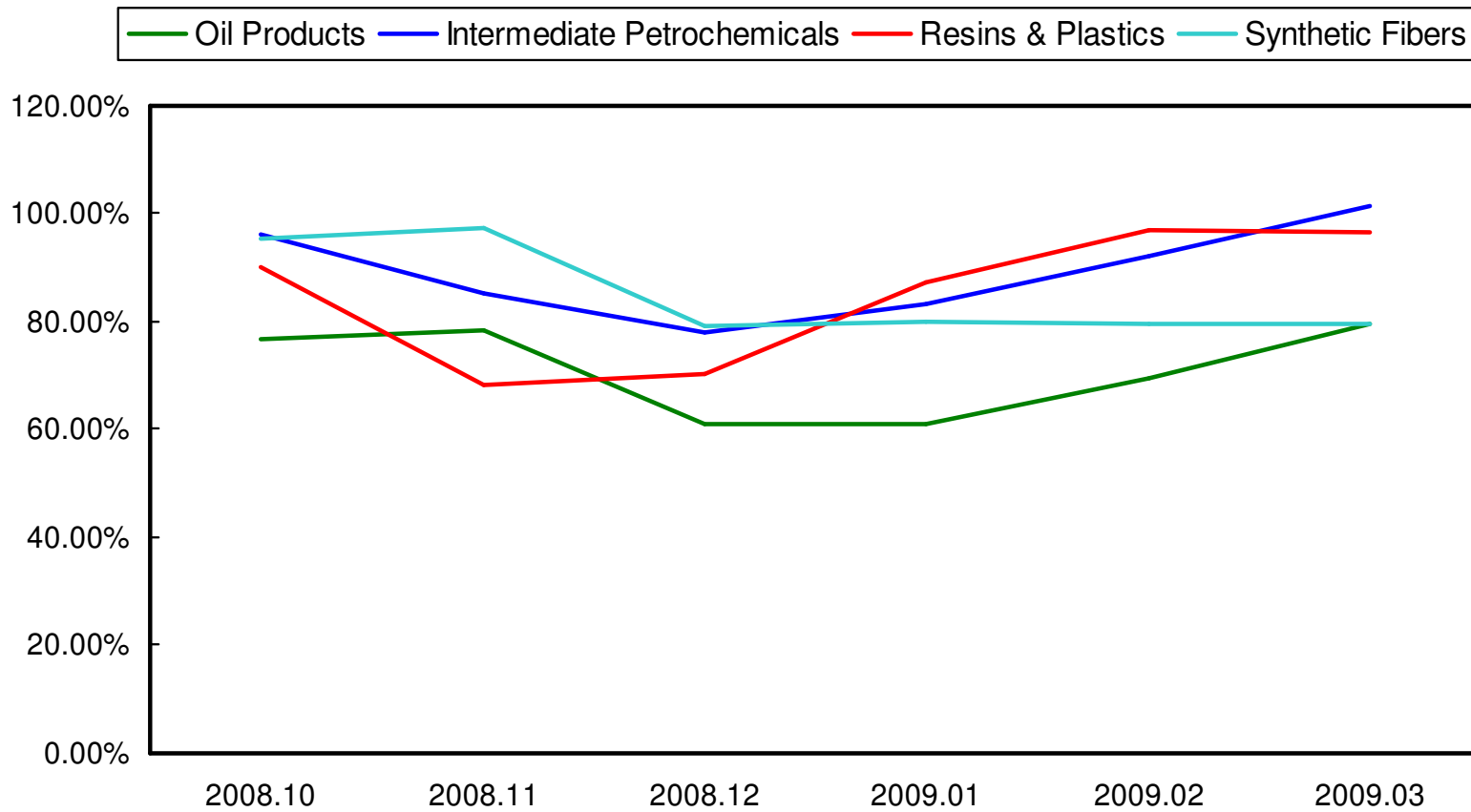
# Change of sales volume



# Change of average sales prices



# Load factors of main plants





**World real economy has entered into recession and will face many uncertain factors.**



**China's economy has also been impacted, nevertheless will still grow at a certain speed.**



**The movement of the crude oil price trend would remain weak and uncertain.**



**The global petrochemical industry will face a slower economic growth and downturn of the cycle.**



**The new capacities built during the peak of the cycle will release gradually and the plant on-stream availability may accordingly drop, thus resulting in a reshuffling of the petrochemical industry.**

Favorable Factors	Unfavorable Factors
<p>The implementation of the 10 State industries adjustment and revitalization programmes and value-added tax reform measures would help boost the domestic economy.</p>	<p>Weaker market demands caused by the financial crisis</p>
<p>The State measures for maintaining economic growth, livelihood programmes, infrastructure and rebuilding projects after the earthquake will effectively stimulate the demands for petrochemical products.</p>	<p>The influx of foreign products will squeeze the domestic market share</p>
<p>As a result of substantial decreases in the costs of crude oil and other raw materials, the costs of production, investment and development will be reduced.</p>	<p>Surplus capacities coming from the newly built plants which are being consecutively put into operation</p>
<p>The reform on the refined oil product fee and taxation and the pricing mechanism which indirectly links the domestic refined oil prices to the international crude oil market in a controlled mode have basically eliminated the policy loss-making factor for the refining business.</p>	<p>Trade protectionism arises, more trade frictions, the export of down stream petrochemical products hindered</p>
	<p>The market of refined oil has transformed from the sellers market to buyers market</p>

	<b>'000 Tons</b>	
	<b>2009</b>	<b>2008</b>
<b>Crude Oil Processing Volume</b>	<b>9,000</b>	<b>9,238</b>
<b>Ethylene</b>	<b>910</b>	<b>886</b>
<b>Plastics (PE,PP)</b>	<b>896.8</b>	<b>842</b>
<b>Synthetic Fiber monomer</b>	<b>954.2</b>	<b>883</b>
<b>Synthetic Fiber Polymers</b>	<b>587.2</b>	<b>586</b>
<b>Synthetic Fibers</b>	<b>241.8</b>	<b>238</b>
<b>Output of major products</b>	<b>8,050</b>	<b>8,578</b>

- **Make sure that the 600,000 T/Y PX aromatics complex will be completed on time.**
- **Make sure that the 150,000 T/Y C5 fraction plant will be completed on time.**
- **In order to satisfy the requirement of supplying premium fuel to Shanghai where the 2010 Shanghai EXPO is to be hosted, the group has begun to construct a 500,000 T/Y catalytic gasoline selective hydrogenation and desulphurization project. Together with the 3,300,000 T/Y diesel hydrogenation plant put into operation in 2007, the group would be able to supply clean fuel up to the state IV standard by September 2009.**

