



2010 Interim Results



SINOPEC SHANGHAI PETROCHEMICAL COMPANY LIMITED

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Financial Highlights



RMB Million

	1H2010	1H2009	1H2008	Change*
Turnover	36,128	21,179	32,867	+70.58%
Gross Profit	1,862	1,479	-296	+25.90%
Profit before Taxation	1,898	1,369	-433	+38.64%
Net Profit	1,515	1,002	-358	+51.20%
EPS (RMB)	0.210	0.139	-0.050	+51.08%

Prepared under IFRS

*Compared to 1H2009

RMB Million

	Jun 30, 2010	Dec 31, 2009	Change
Total Assets	29,617	29,908	-0.97%
Total Liabilities	13,079	14,609	-10.47%
Shareholders' Equity	16,310	15,005	+8.70%
Net Assets Value (RMB Yuan/Share)	2.297	2.125	+8.09%
Debt/Total Assets	44.16%	48.85%	-4.69%

Prepared under IFRS

Business Review





In the first half of 2010, the world economy had in general entered into the track of recovery.



The positive momentum of China's economic recovery was further consolidated as indicated by a better-than-expected 11.1% growth in GDP in the first half of the year.



China's petrochemical industry maintained a positive momentum, demonstrated by a substantial increase in the output of major products, a remarkable rebound in export trade and an accelerated investment growth in the industry. Overall prices were on the rise, and corporate profitability increased year-on-year.



International market crude oil prices rose by large margins, the pricing mechanism for domestic refined oil products was basically being carried out.



In the first half of the year, the Company maintained a sound business operation with the main business indices improved and optimized.



The Company's product mix was further improved, its resources utilization efficiency was enhanced and its overall economy scale was effectively leveraged. As a result, the output volume of the Company's products increased substantially over the corresponding period of the previous year.

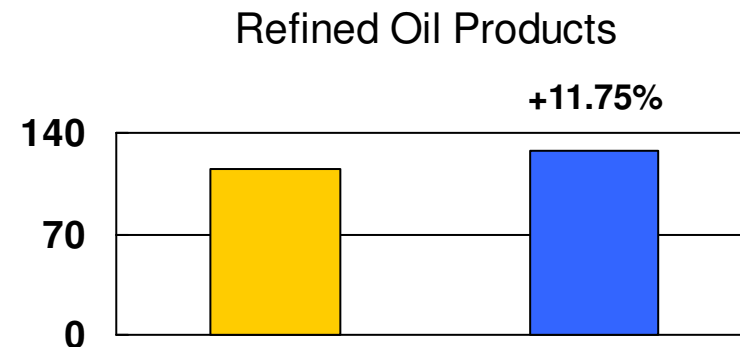
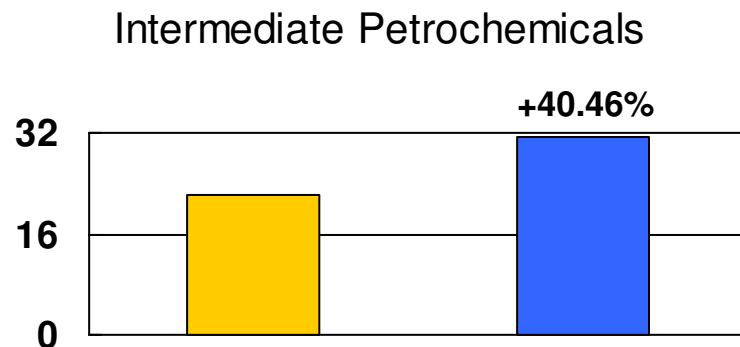
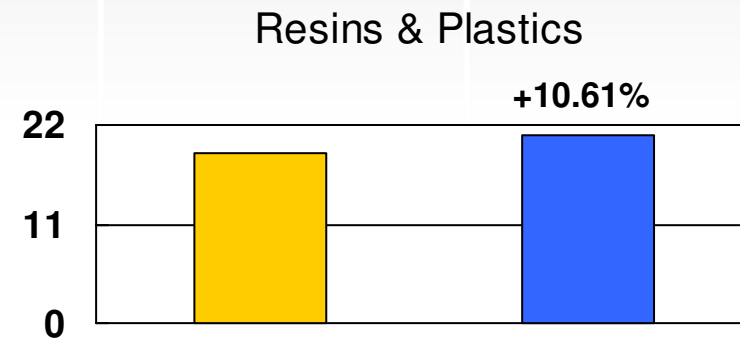
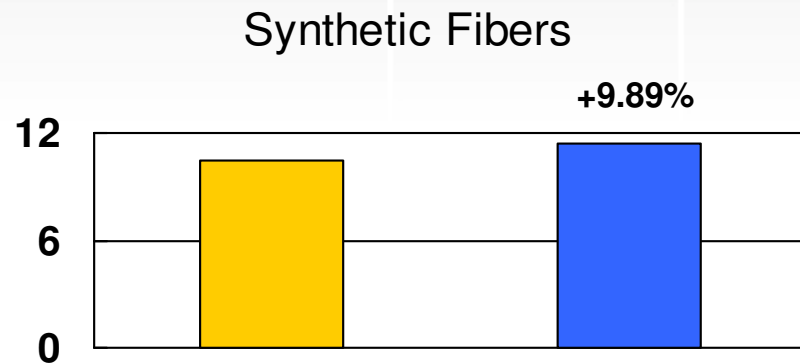


The Company's internal management was further strengthened, the campaign of cost reduction and expenses cutting-down had an obvious contribution to the result.

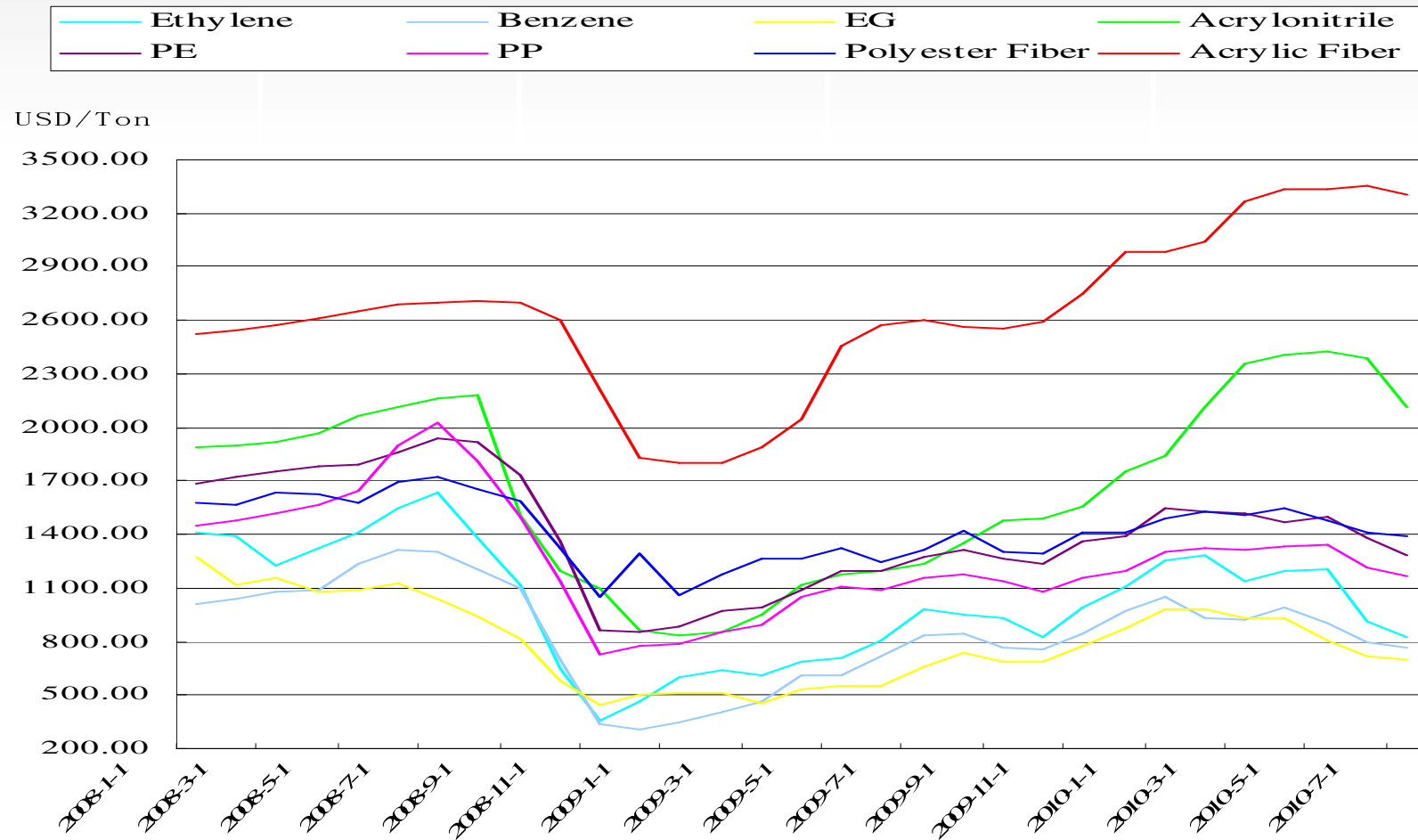


For the six-month period ended 30 June 2010, the Company's net profit amounted to RMB 1,515.1 million, representing an increase of RMB 513.2 million year-on-year.

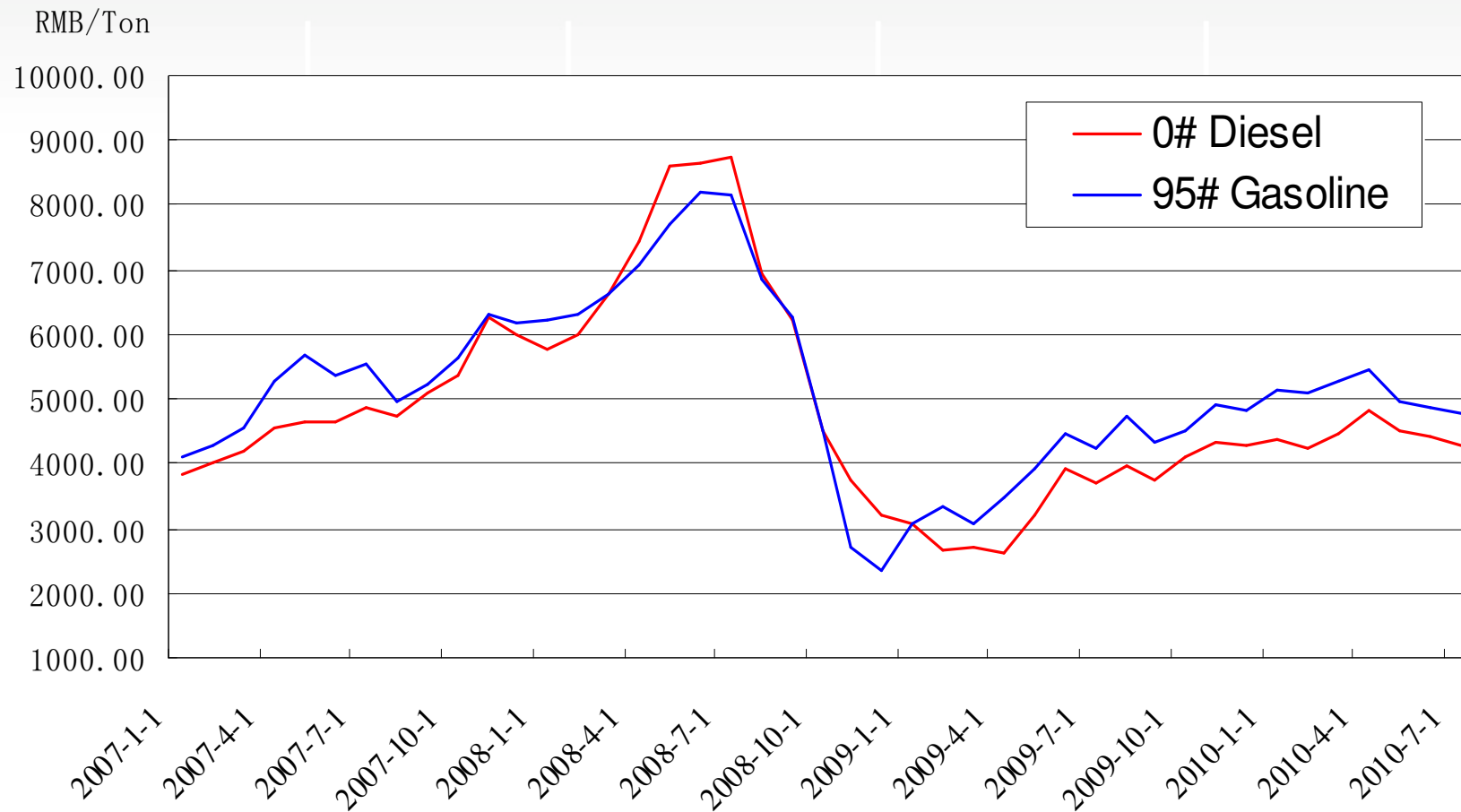
Domestic Demands

Million Ton

 **1H2009**
 **1H2010**

Movements in Asia Market Prices

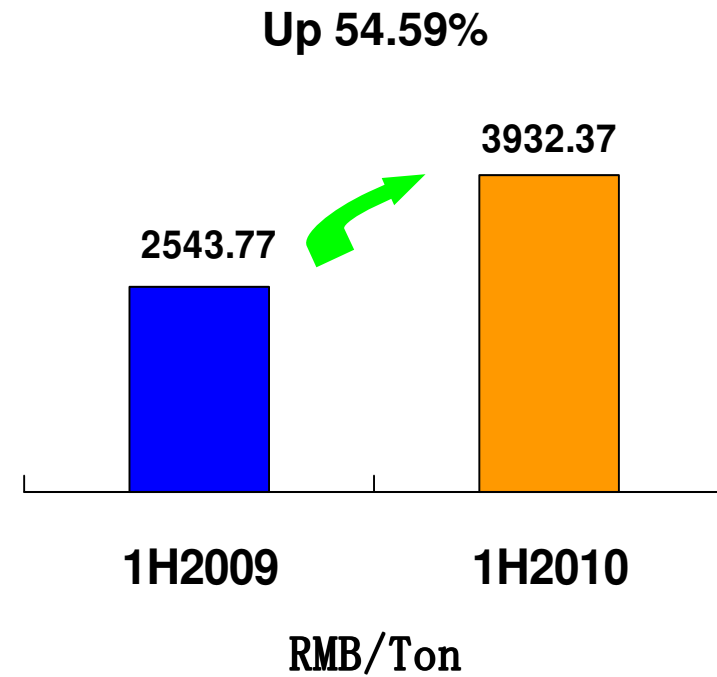
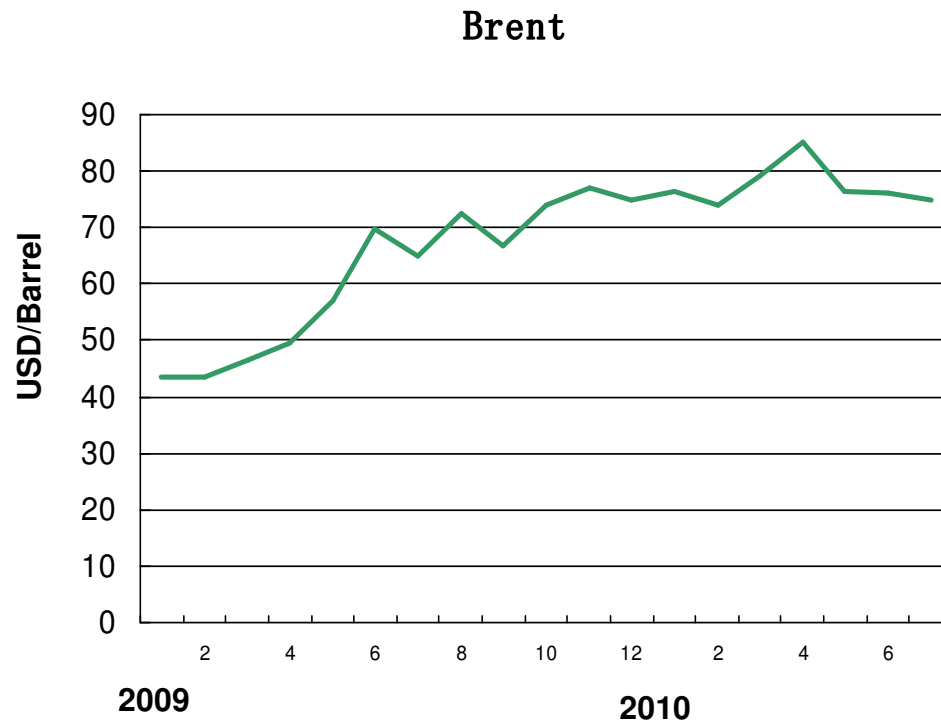


Gasoline and Diesel Prices in Singapore Market

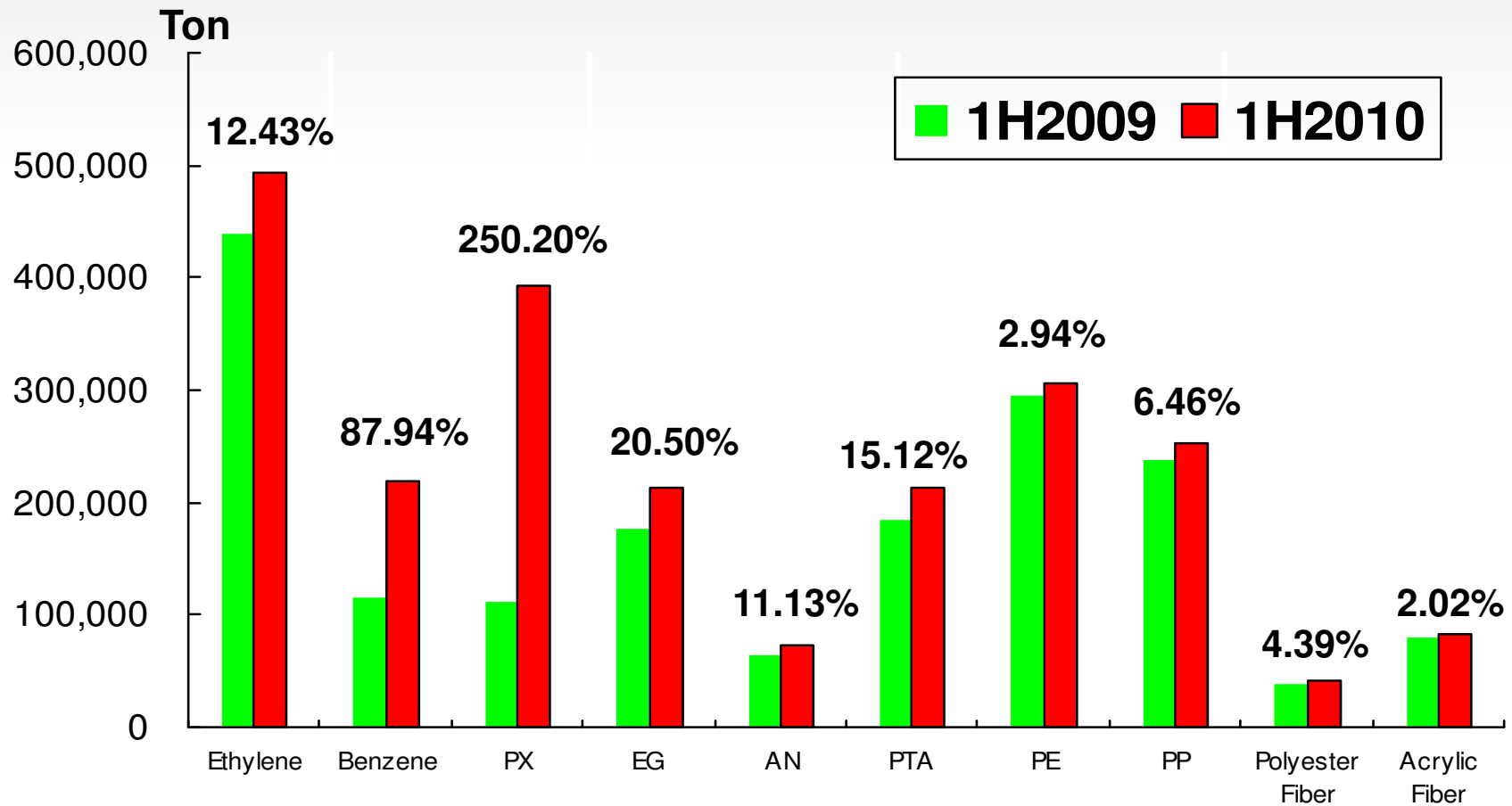


Crude Oil Price

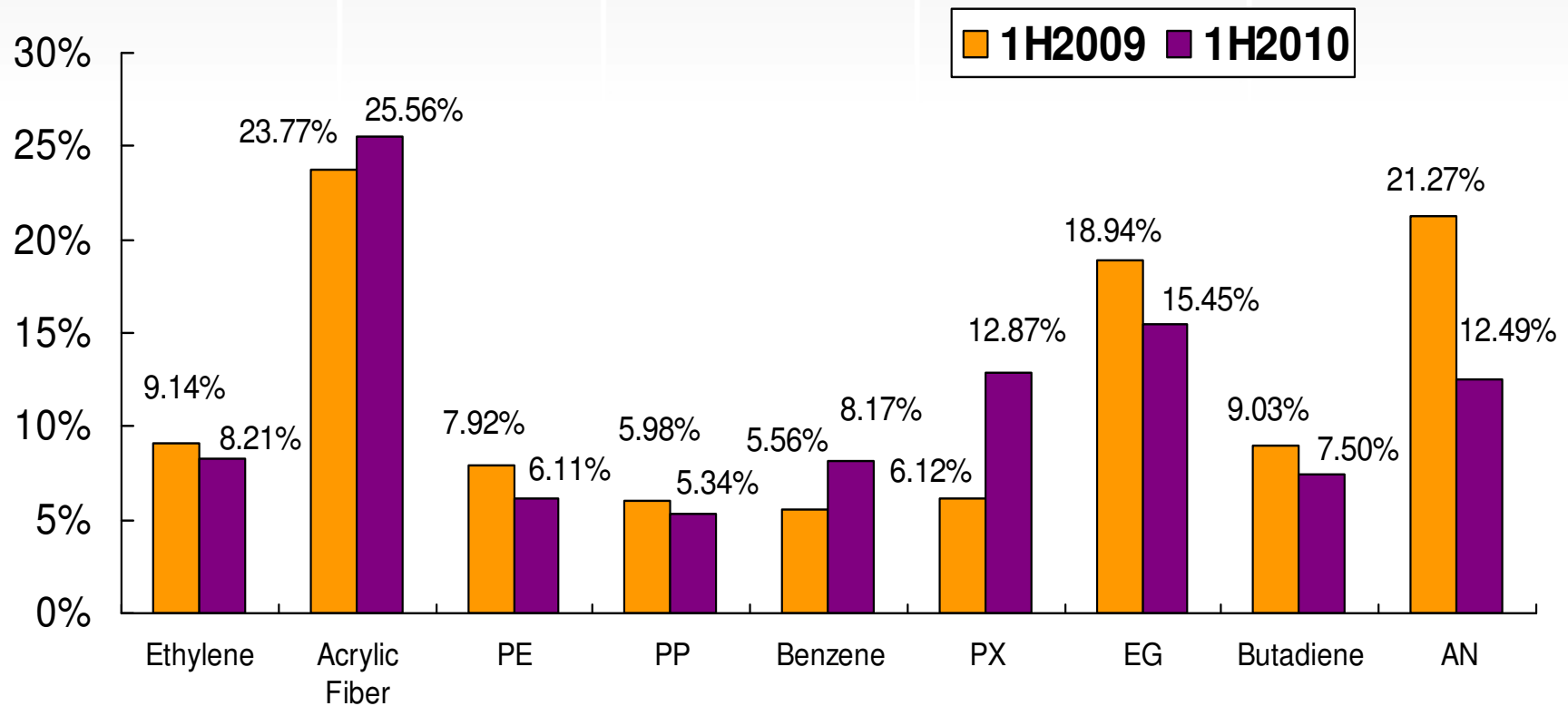
International crude oil price vs. Cost of crude oil processed



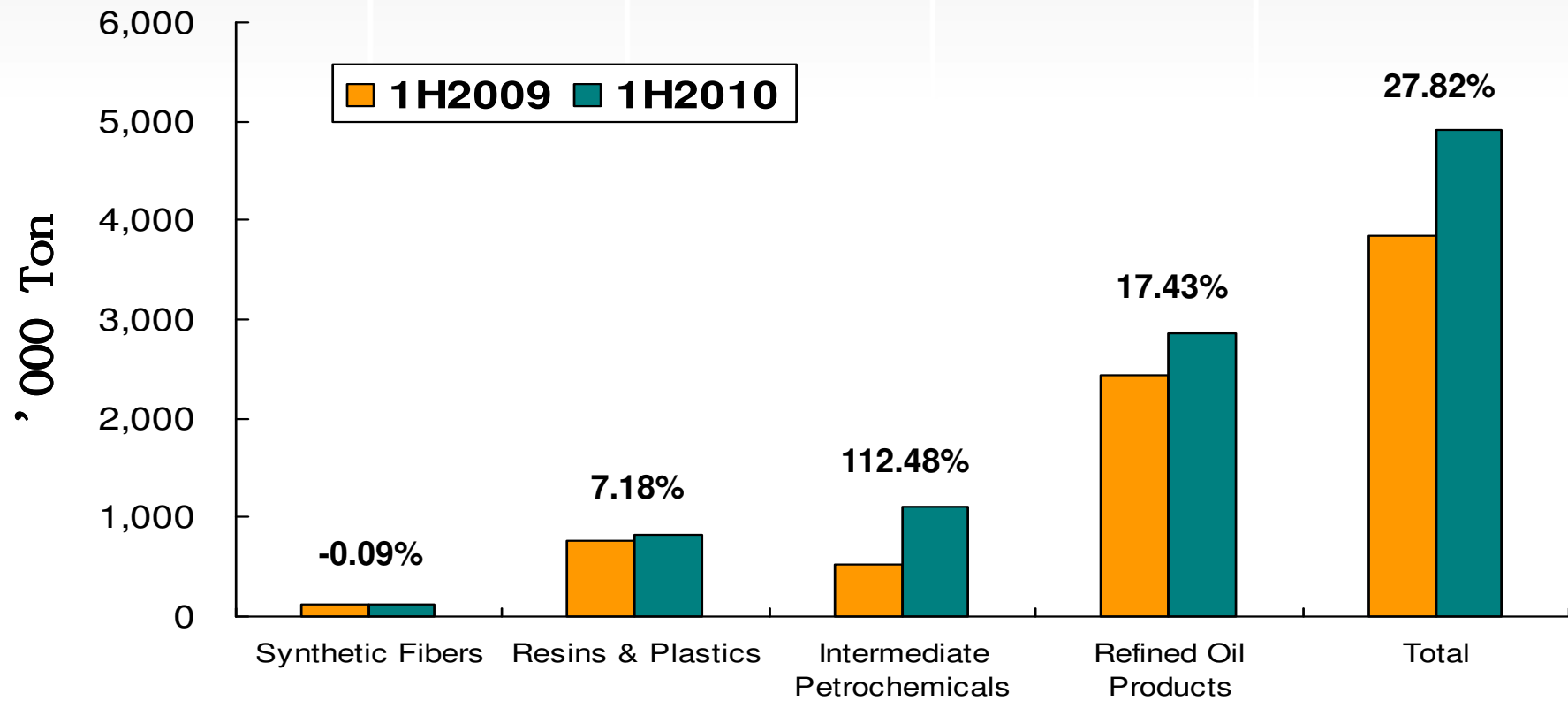
Changes in Major Petrochemicals Output



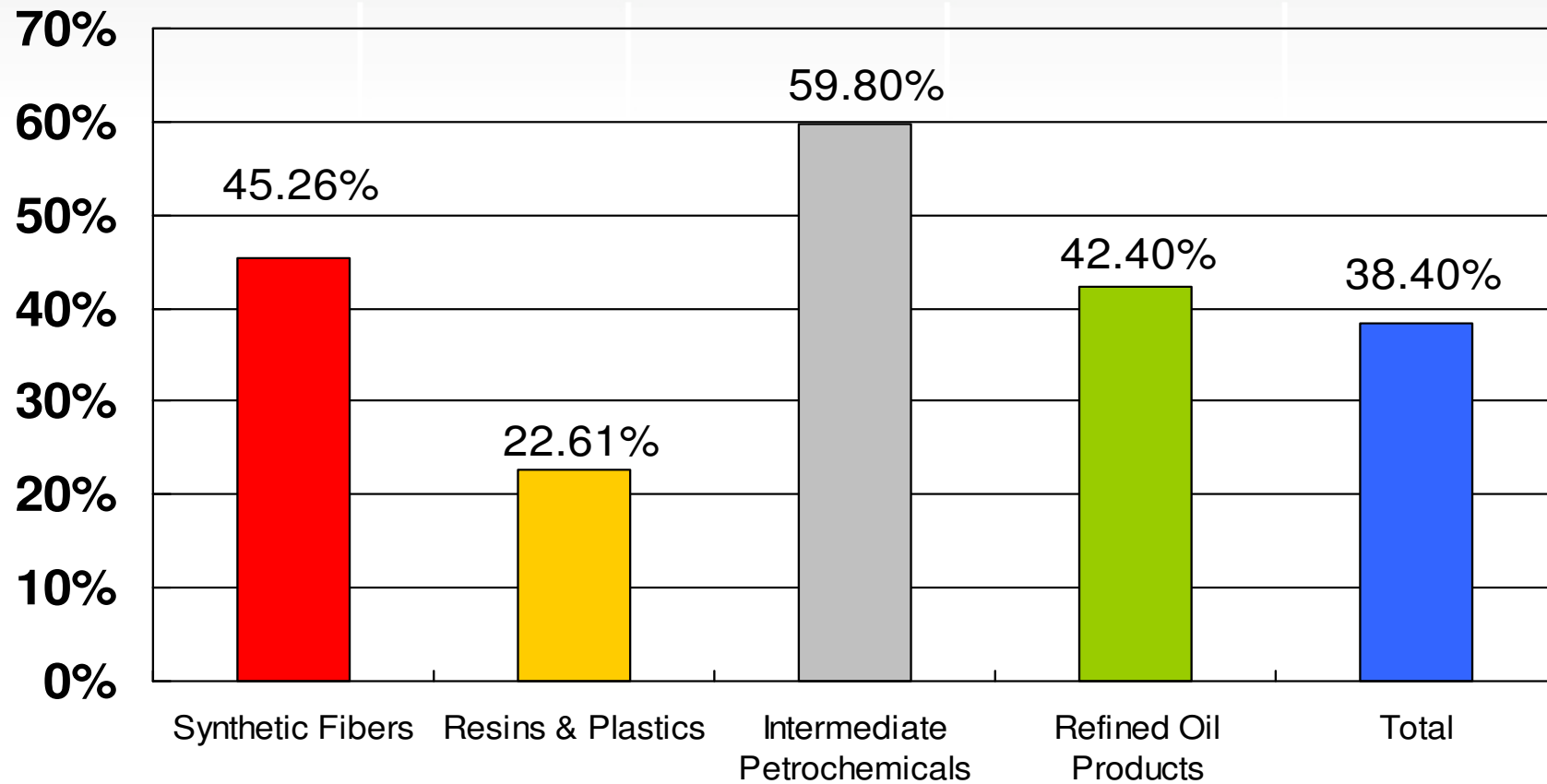
Domestic Output Shares



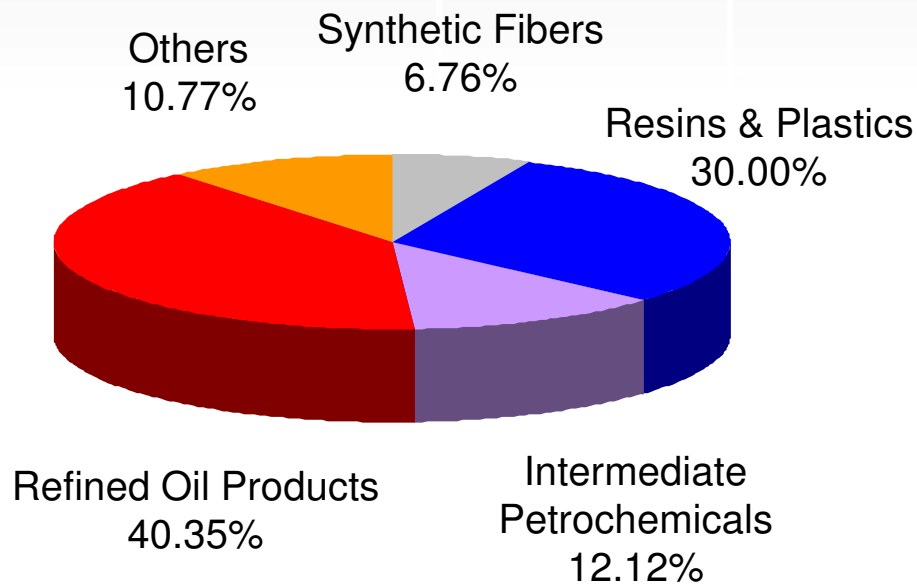
Changes in Sales Volumes



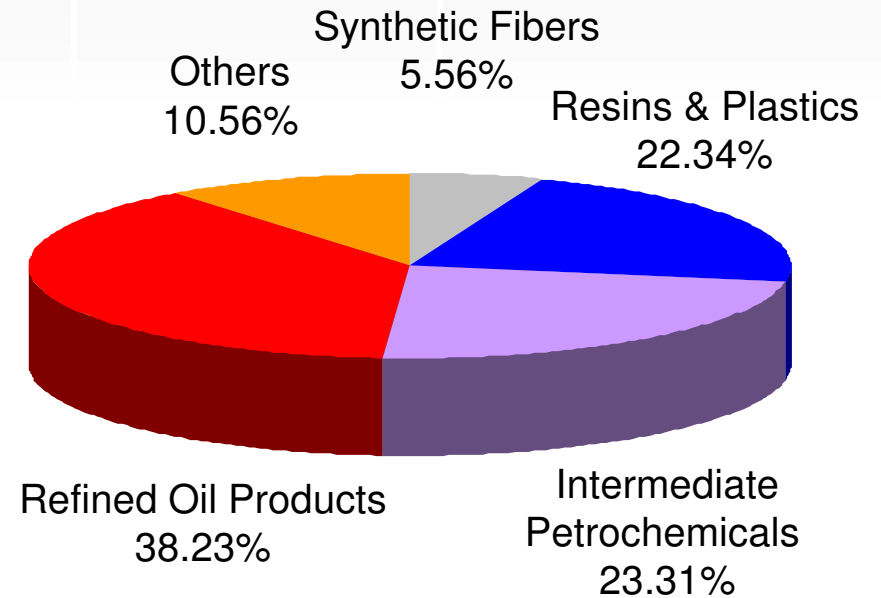
Changes in Average Product Prices



Sales Structure



1H2009



1H2010

Capital Expenditure



- **The Company is focusing on the earlier stage work for the next round development of the Company with the refinery revamping and expansion item as the main project.**
- **The environmental appraisals for the refinery revamping and expansion project, carbon fiber project and some other projects are being carried out. We are working hard on the preparatory work of these projects so that earth-breaking could take place within the year.**
- **The Company completed the construction of a pipeline network for comprehensively utilizing natural gas, thus achieving its target of switching to 100% natural gas as a substitute feedstock for No. 1 Hydrogen Making Plant.**
- **In the first half of the year, the Company's capital expenditure amounted to RMB 278.9 million, mainly used for the project of comprehensively using LNG, the project of systematic optimization, energy conservation and consumption reduction of 2# PTA Plant, and the 1# EO/EG Plant technological revamping project.**
- **In the second half of the year, the Company's capital expenditure will increase by a big margin. The 10,000 T/Y Isopentene project, the 50,000 T/Y Ethanolamine project, the Aromatics Complex renovation project and some other projects will commence within the year.**

Future Outlook



- **The progress of world economy recovery remains uncertain and unstable, with a possible slowdown in economic growth.**
- **Although China may be experiencing a better environment for its economic development this year, it is facing extremely complex situations, thus possibly resulting in a slowdown in economic growth rate.**
- **The domestic petrochemical industry will be confronted with pressure from all aspects, such as too many newly-built capacities of certain petrochemicals being brought into operation, the aggravated situation of low on-stream availability of certain downstream sectors, a possibly weak consumption demand in the downstream sectors and the impact of imported products. Market competition will become more intense in the second half of the year.**
- **It is expected that international crude oil prices may continue to hover around US\$70-80 per barrel. Meanwhile, the Chinese government may exercise controls over the prices of domestic refined oil products when international crude oil prices go to a higher level.**

- **Continuously pay special attention to plant operation and make efforts for higher output volume.**
- **Further optimize production and operation and strive to realize a better profitability.**
- **Attach great importance to HSE and maintain stable operation in all aspects with all efforts.**
- **Accelerate the construction of the projects in the next-round development plan, push forward technological advancement and make efforts to accumulate reserved strength for future development.**
- **Further intensify internal management and strive to reach a higher management standard.**
- **Continue to strengthen HR structure and competence and create an atmosphere of unity and harmony for the employees.**

