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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)

## **2017 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 and 13.10B 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" or "SPC") as well as its directors, supervisors and senior management warrant the truthfulness, accuracy and completeness of the information contained in the 2017 first quarterly report, and warrant that there are no false representations or misleading statements contained in or material omissions from this report and severally and jointly accept responsibility pursuant to such information.

1.2 All directors attended the nineteenth meeting of the eighth session of the Board, and have considered and adopted the 2017 first quarterly report at the meeting.

1.3 Mr. Wang Zhiqing, Chairman and President of the Company, Mr. Zhou Meiyun, Vice President and Chief Financial Officer overseeing the accounting operations, and Mr. Zhang Feng, person-in-charge of Accounting Department (Accounting Chief) and Deputy Finance Manager warrant the truthfulness, accuracy and completeness of the financial report contained in this quarterly report.

1.4 The financial report of the Company for the three-month period ended 31 March 2017 (the "Reporting Period") was prepared under the China Accounting Standards for Business Enterprises and was unaudited.

## 2. Key Financial Data & Changes in Shareholdings

### 2.1 Major Accounting Data

	As at the end of the Reporting Period	As at the end of the previous year	Increase/decrease at the end of the Reporting Period as compared to the end of the previous year (%)
Total assets (RMB'000)	35,650,679	34,123,693	4.48
Total equity attributable to equity shareholders of the Company (RMB'000)	26,704,095	24,750,048	7.90
	<b>From the beginning of the year to the end of the Reporting Period</b>	<b>From the beginning of the year to the end of the Reporting Period last year</b>	<b>Increase/decrease as compared to the corresponding period of the previous year (%)</b>
Net cash flows generated from operating activities (RMB'000)	2,854,156	1,947,815	46.53
	<b>From the beginning of the year to the end of the Reporting Period</b>	<b>From the beginning of the year to the end of the Reporting Period last year</b>	<b>Increase/decrease as compared to the corresponding period of the previous year (%)</b>
Revenue (RMB'000)	22,571,848	16,564,814	36.26
Net profit attributable to equity shareholders of the Company (RMB'000)	1,928,852	1,145,237	68.42
Net profit attributable to equity shareholders of the Company excluding non-recurring items (RMB'000)	1,938,530	1,153,846	68.01
Return on net assets (weighted average) (%)	7.608	5.609	Increased by 1.999 percentage points
Basic earnings per share (RMB/share)	0.179	0.106	68.87
Diluted earnings per share (RMB/share)	0.178	0.106	67.93

**Excluded non-recurring items and amount:**

Unit: RMB'000

<b>Item</b>	<b>Amount for the Reporting Period</b>
Net losses on disposal of non-current assets	-4,274
Government grants recognised through profit and loss except for government grants under the State's unified standards on quota and amount entitlements and closely related to corporate business	2,599
Income from external entrusted loans	363
Other non-operating income and expenses other than those mentioned above	-7,421
Employee reduction expenses	-4,008
Effect on minority interests (after tax)	-56
Tax effect for the items above	3,119
<b>Total</b>	<b>-9,678</b>

**2.2 Total Number of Shareholders as at the End of the Reporting Period, Top Ten Shareholders and Shareholdings of the Top Ten Shareholders of Shares in Circulation (or Unrestricted Shares)**

Unit: Share

Total number of shareholders						121,182
Shareholdings of the top ten shareholders						
Name of shareholder (in full)	Number of shares held at the end of the Reporting Period	Percentage of total shareholding (%)	Number of shares with selling restrictions	Number of shares pledged or frozen		Type of shareholder
				Situation of the shares	Number	
China Petroleum & Chemical Corporation	5,460,000,000	50.56	0	Nil	-	State-owned enterprise legal person
HKSCC (Nominees) Limited	3,455,281,321	31.99	0	Unknown	-	Foreign legal person
China Securities Finance Corporation Limited	312,649,240	2.89	0	Nil	-	Others
Central Huijin Investment Ltd.	67,655,800	0.63	0	Nil	-	Others
China Life Insurance Company Limited — Participating— Individual participating 005L — FH002 Hu	33,678,649	0.31	0	Nil	-	Others
Shanghai Kangli Gong Mao Company	22,375,300	0.21	0	Nil	-	Others
Bank of China Limited — ChinaAMC new economy flexible configured hybrid securities investment fund	19,645,656	0.18	0	Nil	-	Others
NSSF Four Hundred Twelve Combination	18,801,097	0.17	0	Nil	-	Others
Abu Dhabi Investment Authority	18,206,739	0.17	0	Nil	-	Others
Bank of China Limited — Huatai-pinebridge Quantify Enhanced Hybrid Securities Investment Funds	14,646,939	0.14	0	Nil	-	Others

### 3. Major Events

#### 3.1 Description of Substantial Changes in Major Financial Report Items and Financial Indicators of the Company

Unit: RMB'000

Item	As at 31 March 2017	As at 31 December 2016	Increase/decrease amount	Change (%)	Major reason for change
Cash at bank and on hand	8,306,382	5,440,623	2,865,759	52.67	Increase in profit and cash generated from operating activities in the Reporting Period
Staff salaries payable	105,074	37,634	67,440	179.20	Increase in the provisions for non-released performance evaluation award
Other payables	795,991	614,668	181,323	29.50	Increase in advance repair cost
Undistributed profits	10,225,312	8,296,460	1,928,852	23.25	Significant increase in profit in the Reporting Period

Unit: RMB'000

Item	For the three-month period ended 31 March		Increase/decrease amount	Change (%)	Major reason for change
	2017	2016			
Revenue	22,571,848	16,564,814	6,007,034	36.26	Increase in unit price of products
Cost of sales	16,110,849	11,390,927	4,719,922	41.44	Increase in the cost of crude oil, leading to higher cost of raw materials
Financial (income)/ expenses-net	-44,034	7,591	-51,625	-680.08	Increase in deposits hence increase in interest income
Investment income	278,854	163,525	115,329	70.53	Good performance of Associates in the Reporting Period led to increase in investment income
Operating profit	2,499,643	1,506,027	993,616	65.98	Increase in unit price of major products, higher gross profit and production volume
Total profit	562,009	345,407	216,602	62.71	Increase in profit in the Reporting Period

### **3.2 Fulfillment of commitments by the Company and shareholders holding more than 5% of shares**

#### (1) Undertakings about Share Reform Proposal of the Company

The Company disclosed *The Explanatory Memorandum for the Share Reform Proposal of the Company (the Revised Draft)* on 20 June 2013, in which the Company's controlling shareholder Sinopec Corp. has made the following undertakings which is effective until the end of the reporting period:

1. Sinopec Corp. shall continue to support the subsequent development of the Company upon the completion of the A-share reform proposal and shall use this as a platform for the development of related businesses in future.

For more details, please refer to *The Explanatory Memorandum for the Share Reform Proposal of the Company (the Revised Draft)(Full Version)* uploaded to the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company, and published in Shanghai Securities News and China Securities Journal on 20 June 2013. The A-share reform proposal was approved at the relevant A-share shareholder meeting held on 8 July 2013. After the implementation of the proposal on 20 August 2013, the Company's A shares resumed trading, and non-circulating shares held by non-circulating shares shareholders obtained the right to circulate those shares in the market. For more details on the implementation of A-share reform proposal, please refer to The "Implementation Report on Sinopec Shanghai Petrochemical Company Limited A-share Reform Proposal" published in the issues of Shanghai Securities News and China Securities Journal dated 14 August 2013 and uploaded on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

With regard to the aforementioned undertakings, the Company did not notice any conditions that violated the undertakings or any unfulfilled matters during the required period.

#### 4. Appendix

##### 4.1 CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2017

Unit: RMB'000

Items	As at the end of the Period	As at the beginning of the year
	(Unaudited)	(Audited)
<b>Current assets</b>		
Cash at bank and on hand	8,306,382	5,440,623
Notes receivable	1,358,189	1,267,920
Accounts receivable	1,633,304	1,656,580
Advances to suppliers	82,431	29,340
Interest receivable	24,408	11,596
Other receivables	51,087	56,545
Inventories	4,828,626	6,159,473
Other current assets	257,492	253,804
<b>Total current assets</b>	<b>16,541,919</b>	<b>14,875,881</b>
<b>Non-current assets</b>		
Long-term equity investments	4,114,273	3,838,794
Investment properties	377,140	380,429
Fixed assets	13,098,952	13,502,370
Construction in progress	726,293	717,672
Intangible assets	401,763	406,116
Long-term prepaid expenses	282,750	299,340
Deferred tax assets	107,589	103,091
<b>Total non-current assets</b>	<b>19,108,760</b>	<b>19,247,812</b>
<b>Total assets</b>	<b>35,650,679</b>	<b>34,123,693</b>

**CONSOLIDATED BALANCE SHEETS (Continued)**  
**AS AT 31 MARCH 2017**

Unit: RMB'000

Items	As at the end of the Period (Unaudited)	As at the beginning of the year (Audited)
<b>Current liabilities</b>		
Short-term borrowings	603,821	546,432
Notes payable	54,920	5,000
Accounts payable	3,906,094	5,082,470
Advances from customers	482,617	476,806
Employee benefits payable	105,074	37,634
Taxes payable	2,548,287	2,158,427
Interest payable	851	465
Dividends payable	20,473	20,473
Other payables	795,991	614,668
<b>Total current liabilities</b>	<b>8,518,128</b>	<b>8,942,375</b>
<b>Non-current liabilities</b>		
Deferred income	147,500	150,000
<b>Total non-current liabilities</b>	<b>147,500</b>	<b>150,000</b>
<b>Total liabilities</b>	<b>8,665,628</b>	<b>9,092,375</b>
<b>Shareholders' equity</b>		
Share capital	10,800,000	10,800,000
Capital surplus	538,628	534,628
Less: treasury shares	-	-
Other comprehensive income	18,213	18,213
Specific reserve	21,541	346
Surplus reserve	5,100,401	5,100,401
Undistributed profits	10,225,312	8,296,460
<b>Total equity attributable to equity shareholders of the Company</b>	<b>26,704,095</b>	<b>24,750,048</b>
<b>Minority interests</b>	<b>280,956</b>	<b>281,270</b>
<b>Total shareholders' equity</b>	<b>26,985,051</b>	<b>25,031,318</b>
<b>Total liabilities and shareholders' equity</b>	<b>35,650,679</b>	<b>34,123,693</b>



**COMPANY BALANCE SHEETS  
AS AT 31 MARCH 2017**

Unit: RMB'000

Items	As at the end of the Period	As at the beginning of the year
	(Unaudited)	(Audited)
<b>Current assets</b>		
Cash at bank and on hand	7,530,833	4,421,143
Notes receivable	1,214,306	1,097,011
Accounts receivable	835,884	1,211,039
Advances to suppliers	46,938	21,409
Dividends receivable	24,361	11,553
Other receivables	46,404	36,345
Inventories	4,413,658	5,374,425
Other current assets	138,584	157,771
<b>Total current assets</b>	<b>14,250,968</b>	<b>12,330,696</b>
<b>Non-current assets</b>		
Long-term equity investments	5,241,640	4,972,861
Investment properties	410,394	413,943
Fixed assets	12,828,271	13,219,994
Construction in progress	725,914	717,294
Intangible assets	332,797	335,877
Long-term prepaid expenses	271,319	287,578
Deferred tax assets	100,658	99,057
<b>Total non-current assets</b>	<b>19,910,993</b>	<b>20,046,604</b>
<b>Total assets</b>	<b>34,161,961</b>	<b>32,377,300</b>

**COMPANY BALANCE SHEETS (Continued)**  
**AS AT 31 MARCH 2017**

Unit: RMB'000

Items	As at the end of the Period (Unaudited)	As at the beginning of the year (Audited)
<b>Current liabilities</b>		
Short-term borrowings	632,000	632,000
Notes payable	50,000	-
Accounts payable	2,949,709	3,729,702
Advance from customers	398,699	447,647
Employee benefits payable	96,783	30,989
Taxes payable	2,523,247	2,106,163
Interest payable	475	470
Dividends payable	20,473	20,473
Other payables	734,907	608,660
<b>Total current liabilities</b>	<b>7,406,293</b>	<b>7,576,104</b>
<b>Non-current liabilities</b>		
Deferred income	147,500	150,000
<b>Total non-current liabilities</b>	<b>147,500</b>	<b>150,000</b>
<b>Total liabilities</b>	<b>7,553,793</b>	<b>7,726,104</b>
<b>Shareholders' equity</b>		
Share capital	10,800,000	10,800,000
Capital surplus	538,628	534,628
Less: treasury shares	-	-
Other comprehensive income	18,213	18,213
Specific reserve	20,422	-
Surplus reserve	5,100,401	5,100,401
Undistributed profits	10,130,504	8,197,954
<b>Total shareholders' equity</b>	<b>26,608,168</b>	<b>24,651,196</b>
<b>Total liabilities and shareholders' equity</b>	<b>34,161,961</b>	<b>32,377,300</b>

**4.2 CONSOLIDATED INCOME STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2017 (Unaudited)**

Unit: RMB'000

Items	Three months ended 31 March	
	2017	2016
<b>Total revenue</b>	22,571,848	16,564,814
Including: revenue	22,571,848	16,564,814
<b>Total cost of sales</b>	20,351,059	15,222,312
Including: Cost of sales	16,110,849	11,390,927
Taxes and surcharges	3,313,522	2,895,830
Selling and distribution expenses	121,012	115,517
General and administrative expenses	830,823	812,458
Financial expenses ("-" to indicate income)	-44,034	7,591
Asset impairment losses ("-" to indicate reversal)	18,887	-11
Add: Investment income	278,854	163,525
Including: Share of income of associates and joint ventures	278,854	163,525
<b>Operating profit</b>	2,499,643	1,506,027
Add: Non-operating income	4,742	3,914
Including: gains on disposal of non-current assets	921	154
Less: Non-operating expenses	13,838	12,999
Including: losses on disposal of non-current assets	5,195	3,822
<b>Total profit</b>	2,490,547	1,496,942
Less: Income tax expenses	562,009	345,407
<b>Net profit ("-" to indicate loss)</b>	1,928,538	1,151,535
Attributable to equity shareholders of the Company	1,928,852	1,145,237
Minority interests	-314	6,298
<b>Other comprehensive income, net of tax</b>	-	-
<b>Total comprehensive income ("-" to indicate loss)</b>	1,928,538	1,151,535
Attributable to equity shareholders of the Company	1,928,852	1,145,237
Minority interests	-314	6,298
<b>Earnings per share</b>		
(1) Basic earnings per share (RMB)	0.179	0.106
(2) Diluted earnings per share (RMB)	0.178	0.106

**COMPANY INCOME STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2017 (Unaudited)**

Unit: RMB'000

Items	Three months ended 31 March	
	2017	2016
<b>Revenue</b>	17,287,015	12,443,738
Less: Cost of sales	10,880,735	7,341,252
Taxes and surcharges	3,309,673	2,893,869
Selling and distribution expenses	91,660	91,973
General and administrative expenses	797,143	775,426
Financial expenses (“-” to indicate income)	-44,615	5,912
Asset impairment losses (“-” to indicate reversal)	18,887	-11
Add: Investment income	268,779	160,706
Including: Share of income of associates and joint ventures	268,779	160,706
<b>Operating profit</b>	2,502,311	1,496,023
Add: Non-operating income	3,642	3,547
Including: gains on disposal of non-current assets	921	154
Less: Non-operating expenses	13,496	12,876
Including: losses on disposal of non-current assets	5,048	3,699
<b>Total profit</b>	2,492,457	1,486,694
Less: Income tax expenses	559,907	338,320
<b>Net profit</b>	1,932,550	1,148,374
<b>Other comprehensive income, net of tax</b>	-	-
<b>Total comprehensive income</b>	1,932,550	1,148,374

**4.3 CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE THREE MONTHS ENDED 31 MARCH 2017 (Unaudited)**

Unit: RMB'000

Items	Three months ended 31 March	
	2017	2016
<b>1. Cash flows from operating activities</b>		
Cash received from sales of goods or rendering of services	24,847,836	18,741,280
Refund of taxes and surcharges	18,099	9,311
Cash received relating to other operating activities	2,120	1,980
<b>Sub-total of cash inflows</b>	24,868,055	18,752,571
Cash paid for goods and services	16,750,705	12,055,529
Cash paid to and on behalf of employees	569,034	578,639
Payments of taxes and surcharges	4,516,362	3,976,162
Cash paid relating to other operating activities	177,798	194,426
<b>Sub-total of cash outflows</b>	22,013,899	16,804,756
<b>Net cash flows generated from operating activities</b>	2,854,156	1,947,815
<b>2. Cash flows from investing activities</b>		
Cash received from entrusted lending	12,000	12,000
Cash received from returns on investments	3,375	-
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	111	-
Cash received relating to other investing activities	43,801	13,095
<b>Sub-total of cash inflows</b>	59,287	25,095
Cash paid to acquire fixed assets, intangible assets and other long-term assets	87,297	179,707
Net cash paid for disposal of fixed assets, intangible assets and other long-term assets	-	2,855
Cash paid to entrusted lending	12,000	12,000
Cash paid to other related investment activities	500,000	-
<b>Sub-total of cash outflows</b>	599,297	194,562
<b>Net cash flows used in investing activities</b>	-540,010	-169,467
<b>3. Cash flows from financing activities</b>		
Cash received from borrowings	92,047	1,624,657
<b>Sub-total of cash inflows</b>	92,047	1,624,657
Cash repayments of borrowings	34,657	2,560,000
Cash paid for distribution of dividends or profits and interest expenses	3,674	15,883
<b>Sub-total of cash outflows</b>	38,331	2,575,883

<b>Net cash flows generated from financing activities (" - " to indicate net cash flows used in financing activities)</b>	53,716	-951,226
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	-2,102	-1,136
<b>5. Net increase in cash and cash equivalents</b>	2,365,760	825,986
Add: Cash and cash equivalents at beginning of the period	5,440,623	1,077,430
<b>6. Cash and cash equivalents at end of the period</b>	7,806,383	1,903,416

**CASH FLOW STATEMENTS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2016 (Unaudited)**

Unit: RMB'000

Items	Three months ended 31 March	
	2017	2016
<b>1. Cash flows from operating activities</b>		
Cash received from sales of goods or rendering of services	20,029,508	14,130,010
Cash received relating to other operating activities	1,022	893
<b>Sub-total of cash inflows</b>	20,030,530	14,130,903
Cash paid for goods and services	11,624,700	7,465,761
Cash paid to and on behalf of employees	525,697	535,679
Payments of taxes and surcharges	4,491,960	3,943,694
Cash paid relating to other operating activities	223,969	310,324
<b>Sub-total of cash outflows</b>	16,866,326	12,255,458
<b>Net cash flows generated from operating activities</b>	3,164,204	1,875,445
<b>2. Cash flows from investing activities</b>		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	109	-
Cash received relating to other investing activities	36,677	10,002
<b>Sub-total of cash inflows</b>	36,786	10,002
Cash paid to acquire fixed assets, intangible assets and other long-term assets	87,297	179,704
Net cash paid for disposal of fixed assets, intangible assets and other long-term assets	-	2,855
Cash paid to other related investment activities	500,000	-
<b>Sub-total of cash outflows</b>	587,297	182,559
<b>Net cash flows used in investing activities</b>	-550,511	-172,557
<b>3. Cash flows from financing activities</b>		
Cash received from borrowings	18,000	2,018,000
<b>Sub-total of cash inflows</b>	18,000	2,018,000
Cash repayments of borrowings	18,000	2,888,000
Cash paid for distribution of dividends or profits and interest expenses	4,003	18,987
<b>Sub-total of cash outflows</b>	22,003	2,906,987
<b>Net cash flows used in financing activities</b>	-4,003	-888,987

<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	-	-
<b>5. Net increase in cash and cash equivalents</b>	2,609,690	813,901
Add: Cash and cash equivalents at beginning of the period	4,421,143	942,264
<b>6. Cash and cash equivalents at end of the period</b>	7,030,833	1,756,165

By Order of the Board  
**Sinopec Shanghai Petrochemical Company Limited**  
**Wang Zhiqing**  
*Chairman*

Shanghai, the PRC, 27 April 2017

*As at the date of this announcement, the executive directors of the Company are Wang Zhiqing, Wu Haijun, Gao Jinping, Jin Qiang and Guo Xiaojun; the non-executive directors of the Company are Lei Dianwu and Mo Zhenglin; and the independent non-executive directors of the Company are Choi Ting Ki, Zhang Yimin, Liu Yunhong and Du Weifeng.*