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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)

2021 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 Rules 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 2021 first quarterly report for the three months ended 31 March 2021 (the "Reporting Period"), 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 sixth meeting of the tenth session of the Board, and have considered and adopted the 2021 first quarterly report at the meeting.
- 1.3 Mr. Wu Haijun, person in charge of the Company, Mr. Du Jun, person in charge of accounting affairs and overseeing the accounting operations, and Ms. Yang Yating, person-in-charge of Accounting Department (Accounting Chief) warrant the truthfulness, accuracy and completeness of the financial report contained in this first quarterly report.
- 1.4 The financial report of the Company's 2021 first quarterly report was prepared under the China Accounting Standards for Business Enterprises and was unaudited.

2. Basic Information

2.1 Major Accounting Data

Unit: RMB'000

	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	43,426,055	44,749,173	-2.96%
Total equity attributable to equity shareholders of the Company	30,413,467	29,218,033	4.09%
	From the beginning of the year to the end of the Reporting Period (January to March)	From the beginning of the year to the end of the Reporting Period last year (January to March)	Increase/decrease as compared to the corresponding period of the previous year (%) (January to March)
Net cash flows used in operating activities	-322,532	-3,880,619	91.69%
	From the beginning of the year to the end of the Reporting Period (January to March)	From the beginning of the year to the end of the Reporting Period last year (January to March)	Increase/decrease as compared to the corresponding period of the previous year (%) (January to March)
Revenue	20,379,079	17,926,384	13.68%
Net profit attributable to equity shareholders of the Company	1,173,484	-1,202,367	197.60%
Net profit attributable to equity shareholders of the Company excluding non-recurring items	1,158,473	-1,218,292	195.09%
Return on net assets (weighted average) (%)	3.937	-4.292	Increased by 191.73 percentage points
Basic earnings per share (RMB/share)	0.108	-0.111	197.30%
Diluted earnings per share (RMB/share)	0.108	-0.111	197.30%

Excluded non-recurring items and amount:*Unit: RMB'000*

Item	Amount for the Reporting Period (January to March)
Government grants recognized 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	8,384
In addition to the effective hedging business related to the company's normal business operations, the fair value gains and losses arising from the holding of transactional financial assets, derivative financial assets, transactional financial liabilities and derivative financial liabilities, as well as the investment gains from the disposal of transactional financial assets, derivative financial assets, transactional financial liabilities, derivative financial liabilities and other creditor's rights investments.	22,501
Other profit and loss items that meet the definition of non-recurring items	-10,870
Effect on minority interests (after tax)	-
Tax effect for the items above	-5,004
Total	15,011

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					96,508	
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	50.44	0	None	0	State-owned legal person
HKSCC (Nominees) Limited	3,454,734,030	31.92	0	Unknown	0	Overseas legal person
HKSCC Limited	79,431,986	0.73	0	None	0	Domestic natural person
Wu Wenbin	78,310,225	0.72	0	None	0	Others
Central Huijin Investment Ltd.	67,655,800	0.63	0	None	0	Others
China Merchants Bank Co.,Ltd. -SSE 50 Trading Open Index Securities Investment Fund	54,047,497	0.50				
China Securities Finance Corporation Limited	46,520,885	0.43	0	None	0	Others
GF Fund-Agricultural Bank -GF CITIC Financial Asset Management Plan	45,222,300	0.42	0	None	0	Others
Dacheng Fund – Agricultural Bank – Dacheng CSI Financial Assets Management Program	43,531,469	0.40	0	None	0	Others
China AMC– Agricultural Bank of China – China AMC China Securities and Financial Assets Management Plan	43,083,750	0.40	0	None	0	Others

Shareholdings of the Top Ten Shareholders with Unlimited Conditions of Sale			
Name of shareholder	Number of Liquidity Shares Holding Unlimited Conditions of Sale	Type and quantity of shares	
		Type	Quantity
China Petroleum & Chemical Corporation	5,460,000,000	RMB common stocks	5,460,000,000
HKSCC (Nominees) Limited	3,454,734,030	Overseas listed foreign share	3,454,734,030
HKSCC Limited	79,431,986	RMB common stocks	79,431,986
Wu Wenbin	78,310,225	RMB common stocks	78,310,225
Central Huijin Investment Ltd.	67,655,800	RMB common stocks	67,655,800
China Merchants Bank Co.,Ltd. -SSE 50 Trading Open Index Securities Investment Fund	54,047,497	RMB common stocks	54,047,497
China Securities Finance Corporation Limited	46,520,885	RMB common stocks	46,520,885
GF Fund-Agricultural Bank -GF CITIC Financial Asset Management Plan	45,222,300	RMB common stocks	45,222,300
Dacheng Fund – Agricultural Bank – Dacheng CSI Financial Assets Management Program	43,531,469	RMB common stocks	43,531,469
China AMC–Agricultural Bank of China – China AMC China Securities and Financial Assets Management Plan	43,083,750	RMB common stocks	43,083,750
Explanation of the connected relationship or acting in concert relationship of the above shareholders	Among the above-mentioned shareholders, China Petroleum & Chemical Corporation, a state-owned legal person, does not have any connected relationship with the other shareholders, and does not constitute an act-in-concert party under the Administration Measures on Acquisition of Listed Companies. Among the above-mentioned shareholders, HKSCC (Nominees) Limited is a nominee and HKSCC Limited is the nominal holder of the Company’s Shanghai-Hong Kong Stock Connect. Apart from the above, the Company is not aware of any other connected relationships among the other shareholders, or whether any other shareholder constitutes an act-in-concert party under the Administrative Measures on Acquisition of Listed Companies.		

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 2021	As at 31 December 2020	Increase/decrease amount	Change (%)	Major reason for change
Cash at bank and on hand	2,445,906	7,920,852	-5,474,946	-69.12%	Repayment of short-term commercial papers matured during the reporting period.
Accounts payable	2,137,277	1,145,504	991,773	86.58%	During the reporting period, sales of products increased, and the balance of account receivable increased accordingly.
Inventories	4,992,585	3,888,746	1,103,839	28.39%	Affected by rising international crude oil prices, unit cost of the company's inventory increased.
Other payables	869,669	1,664,812	-795,143	-47.76%	Rose in crude oil price , no provision for Oil Price Regulation Risk Reserves required .
Other current liabilities	45,938	3,072,150	-3,026,212	-98.50%	Repayment of short-term commercial papers matured during the reporting period.

Unit: RMB'000

Item	For the three-month period ended 31 March		Increase/decrease amount	Change (%)	Major reason for change
	2021	2020			
Investment income	254,544	77,983	176,561	226.41%	Improvement in operating results of associates during the reporting period with a rise in investment income.
Operating profit	1,504,446	-1,629,144	3,133,590	-	The market demand for petroleum and petrochemical products improved significantly and the price of products increased, which contributed to significant improvement in the Company's operating results

4. Appendix

4.1 CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2021

Unit: RMB'000

Items	As at the end of the Reporting Period (unaudited)	As at the beginning of the year (audited)
Current assets		
Cash at bank and on hand	2,445,906	7,920,852
Trading financial assets	3,722,501	-
Account receivable	2,137,277	1,145,504
Financing receivable	1,480,076	1,217,114
Interests receivable	47,383	33,741
Other receivables	29,459	41,299
Interest receivable	562	510
Inventories	4,992,585	3,888,746
Other current assets	1,068,614	3,057,587
Total current assets	15,923,801	17,304,843
Non-current assets		
Long-term equity investments	5,754,190	5,497,834
Other equity instrument investment	5,000	5,000
Investment properties	363,681	367,586
Fixed assets	11,595,284	11,733,065
Construction in progress	1,731,190	1,710,124
Right-of-use assets	14,180	12,993
Intangible assets	407,584	412,576
Long-term prepaid expenses	419,401	410,191
Deferred tax assets	144,520	252,121
Other non-current assets	7,067,224	7,042,840
Total non-current assets	27,502,254	27,444,330
Total assets	43,426,055	44,749,173

CONSOLIDATED BALANCE SHEETS (CONTINUED)
AS AT 31 MARCH 2021

Unit: RMB'000

Items	As at the end of the Reporting Period (unaudited)	As at the beginning of the year (audited)
Current liabilities		
Short-term borrowings	1,538,000	1,548,000
Notes payable	144,763	139,360
Accounts payable	5,528,613	4,671,635
Contract Liabilities	391,108	496,521
Employee benefits payable	437,534	244,506
Taxes payable	3,726,716	3,385,910
Other payables	869,669	1,664,812
Including: Interest payable	1,410	1,246
Dividends payable	29,522	29,522
Non-current liabilities due within one year	12,856	9,352
Other current liabilities	45,938	3,072,150
Total current liabilities	12,695,197	15,232,246
Non-current liabilities		
Long-term loan	20,000	-
Lease liabilities	2,447	3,119
Deferred revenue	120,933	123,433
Deferred tax liabilities	35,236	35,357
Total non-current liabilities	178,616	161,909
Total liabilities	12,873,813	15,394,155
Owners' equity (or shareholders' equity)		
Paid-in capital (or share capital)	10,823,814	10,823,814
Capital surplus	610,327	610,327
Other comprehensive income	8,138	6,326
Specific reserve	165,735	145,597
Surplus reserve	6,474,103	6,474,103
Undistributed profits	12,331,350	11,157,866
Total equity attributable to owners of the parent company (or shareholders' equity)	30,413,467	29,218,033
Minority interests	138,775	136,985
Total Owners' equity (or shareholders' equity)	30,552,242	29,355,018
Total liabilities and owners' equity (or shareholders' equity)	43,426,055	44,749,173

**PARENT COMPANY BALANCE SHEETS
AS AT 31 MARCH 2021**

Unit: RMB'000

Items	As at the end of the Reporting Period (unaudited)	As at the beginning of the year (audited)
Current assets		
Cash at bank and on hand	2,725,858	6,464,509
Trading financial assets	3,219,577	-
Accounts receivables	1,853,171	919,061
Financial assets at fair value through other comprehensive income	726,189	745,262
Advances to suppliers	42,330	30,972
Other receivables	6,084	26,932
Including: Interests receivables	348	348
Inventories	4,568,891	3,685,456
Other current assets	33,577	3,048,476
Total current assets	13,175,677	14,920,668
Non-current assets		
Long-term equity investments	7,033,461	6,797,666
Investment properties	361,330	396,676
Fixed assets	11,206,386	11,299,527
Construction in progress	1,710,079	1,694,937
Right-of-use assets	11,818	10,366
Intangible assets	282,934	286,005
Long-term prepaid expenses	411,867	402,304
Deferred tax assets	129,574	238,040
Other non-current assets	7,067,223	7,042,840
Total non-current assets	28,214,672	28,168,361
Total assets	41,390,349	43,089,029

PARENT COMPANY BALANCE SHEETS (CONTINUED)
AS AT 31 MARCH 2021

Unit: RMB'000

Items	As at the end of the Reporting Period (unaudited)	As at the beginning of the year (audited)
Current liabilities		
Short-term borrowings	1,500,000	1,500,000
Notes payable	75,000	96,196
Accounts payable	4,418,713	3,892,330
Contract Liabilities	321,451	425,385
Employee benefits payable	431,844	239,537
Taxes payable	3,714,243	3,346,544
Other payables	992,688	1,805,186
Including: Interest payable	1,357	1,192
Dividends payable	29,522	29,522
Non-current liabilities that due within one year	12,047	7,897
Other current liabilities	41,789	3,064,189
Total current liabilities	11,507,775	14,377,264
Non-current liabilities		
Lease liabilities	1,154	1,911
Deferred revenue	120,933	123,433
Total non-current liabilities	122,087	125,344
Total liabilities	11,629,862	14,502,608
Owners' equity (or shareholders' equity)		
Paid-in capital (or share capital)	10,823,814	10,823,814
Capital surplus	600,768	600,768
Other comprehensive income	8,138	6,326
Specific reserve	165,735	145,597
Surplus reserve	6,474,103	6,474,103
Undistributed profits	11,687,929	10,535,813
Total Owners' equity (or shareholders' equity)	29,760,487	28,586,421
Total liabilities and Owners' equity (or shareholders' equity)	41,390,349	43,089,029

**4.2 CONSOLIDATED INCOME STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (Unaudited)**

Unit: RMB'000

Items	Three months ended 31 March	
	2021	2020
Total revenue	20,379,079	17,926,384
Including: Revenue	20,379,079	17,926,384
Total operating cost	19,157,566	19,537,181
Including: Cost of sales	15,084,801	16,461,522
Taxes and surcharges	3,201,462	2,372,973
Selling and distribution expenses	107,763	110,122
General and administrative expenses	864,769	671,296
R&D expenses	12,236	6,071
Financial expenses	-113,465	-84,803
Including: Financial expense	15,830	15,307
Financial income	130,619	98,964
Add: Other income	5,884	2,447
Investment income (“-” to indicate loss)	254,544	77,983
Including: Share of income of associates and joint ventures	254,544	71,887
Profit arising from changes in fair value (“-” for loss)	22,501	21,363
Asset impairment losses (“-” for loss)	-	-120,140
Gains on disposal of assets (“-” for loss)	4	-
Operating profit (“-” to indicate loss)	1,504,446	-1,629,144
Add: Non-operating income	3,188	18,850
Less: Non-operating expenses	6,682	7,028
Total profit (“-” to indicate loss)	1,500,952	-1,617,322
Less: Income tax expenses	325,678	-415,936

CONSOLIDATED INCOME STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (Unaudited)

Unit: RMB'000

Items	Three months ended 31 March	
	2021	2020
Net Profit (“-” to indicate loss)	1,175,274	-1,201,386
(1) Classification by business continuity		
1. Profit from continuing operations (“-” to indicate loss)	1,175,274	-1,201,386
(2) Classification by ownership		
1. Attributable to equity shareholders of the Company (“-” to indicate loss)	1,175,274	-1,202,367
2. Minority interests (“-” to indicate loss)	1,790	981
Other comprehensive income, net of tax	1,812	-95,257
(1) Other comprehensive income, net of tax attributable to shareholders of the Company	1,812	-95,257
1. Items that cannot be reclassified to profit or loss	-	-
2. Items that may be reclassified to profit or loss	1,812	-95,257
(a) Items that may be reclassified to profit or loss using the equity method	1,812	-3,288
(b) Cash flow hedging reserves	-	-91,969
(2) Other comprehensive income, net of tax attributable to non-controlling shareholders of the Company	-	-
Total comprehensive income	1,177,086	-1,296,643
Attributable to equity shareholders of the Company	1,175,296	-1,297,624
Minority interests	1,790	981
Earnings per share		
Basic earnings per share (RMB)	0.108	-0.111
Diluted earnings per share (RMB)	0.108	-0.111

PARENT COMPANY INCOME STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (Unaudited)

Unit: RMB'000

Items	Three months ended 31 March	
	2021	2020
Revenue	17,856,779	15,192,662
Less: Cost of sales	12,616,958	13,763,457
Taxes and surcharges	3,198,097	2,369,980
Selling and distribution expenses	88,624	92,404
General and administrative expenses	836,312	648,148
R&D expenses	9,752	4,301
Financial expenses	-110,434	-72,978
Including: Financial expense	14,953	14,798
Financial income	125,699	89,421
Add: Other income	5,782	1,623
Investment income (“-” to indicate loss)	233,984	68,012
Including: Share of income of associates and joint ventures	233,984	62,233
Profit arising from changes in fair value (“-” for loss)	19,577	19,988
Asset impairment losses (“-” for loss)	-	-120,140
Asset disposal income (“-” to indicate loss)	4	-
Operating profit (“-” to indicate loss)	1,476,817	-1,643,167
Add: Non-operating income	3,178	18,850
Less: Non-operating expenses	6,619	7,028
Total profit (“-” to indicate loss)	1,473,376	-1,631,345
Less: Income tax expenses	321,259	-417,616
Net Profit (“-” to indicate loss)	1,152,117	-1,213,729
Profit from continuing operations (“-” to indicate loss)	1,152,117	-1,213,729
Other comprehensive income, net of tax	1,812	-95,257
Items that cannot be reclassified to profit or loss	-	-
Items that may be reclassified to profit or loss	1,812	-95,257
1. Items that may be reclassified to profit or loss using the equity method	1,812	-3,288
2. Cash flow hedging reserves	-	-91,969
Total comprehensive income	1,153,929	-1,308,986
Earnings per share		
Basic earnings per share (RMB)	0.106	-0.112
Diluted earnings per share (RMB)	0.106	-0.112

**4.3 CONSOLIDATED CASH FLOW STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (Unaudited)**

Unit: RMB'000

Items	Three months ended 31 March	
	2021	2020
1. Cash flows used in operating activities		
Cash received from sales of goods or rendering of services	20,424,095	19,228,821
Cash received relating to other operating activities	51,435	62,569
Sub-total of cash inflows	20,475,530	19,291,390
Cash paid for goods and services	16,549,348	19,096,902
Cash paid to and on behalf of employees	633,689	581,241
Payments of taxes and surcharges	3,491,795	3,451,637
Cash paid relating to other operating activities	123,230	42,229
Sub-total of cash outflows	20,798,062	23,172,009
Net cash flows generated operating activities	-322,532	-3,880,619
2. Cash flows generated from investing activities		
Cash received from returns on investments	-	1,650
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	-	126
Cash received relating to other investing activities	2,100,402	2,875,698
Sub-total of cash inflows	2,100,402	2,877,474
Cash paid to acquire fixed assets, intangible assets and other long-term assets	534,444	380,901
Cash paid for investments	3,700,000	-
Cash paid to other related investment activities	200,000	3,401,282
Sub-total of cash outflows	4,434,444	3,782,183
Net cash flows generated from operating activities.	-2,334,042	-904,709

CONSOLIDATED CASH FLOW STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (Unaudited)

Unit: RMB'000

Items	Three months ended 31 March	
	2021	2020
3. Cash flows generated from financing activities		
Cash received from borrowings	890,000	3,167,187
Sub-total of cash inflows	890,000	3,167,187
Cash repayments of borrowings	3,880,000	1,677,600
Cash paid for distribution of dividends or profits and interest expenses	34,860	11,976
Cash paid for other fund-raising activities	-	9,547
Sub-total of cash outflows	3,914,860	1,699,123
Net cash flows generated from financing activities	-3,024,860	1,468,064
4. Effect of foreign exchange rate changes on cash and cash equivalents	6,602	5,171
5. Net increase in cash and cash equivalents	-5,674,832	-3,312,093
Add: Cash and cash equivalents at beginning of the Reporting Period	6,916,408	7,449,699
6. Cash and cash equivalents at end of the Reporting Period	1,241,576	4,137,606

**PARENT COMPANY CASH FLOW STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (Unaudited)**

Unit: RMB'000

Items	Three months ended 31 March	
	2021	2020
1. Cash flows generated operating activities		
Cash received from sales of goods or rendering of services	18,056,480	15,998,915
Cash received relating to other operating activities	49,499	51,219
Sub-total of cash inflows	18,105,979	16,050,134
Cash paid for goods and services	14,034,658	15,600,585
Cash paid to and on behalf of employees	565,732	545,350
Payments of taxes and surcharges	3,445,924	3,428,735
Cash paid relating to other operating activities	138,899	10,600
Sub-total of cash outflows	18,185,213	19,585,270
Net cash flows generated operating activities	-79,233	-3,535,136
2. Cash flows generated investing activities		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	-	126
Cash received relating to other investing activities	2,099,127	2,876,393
Sub-total of cash inflows	2,099,127	2,876,519
Cash paid to acquire fixed assets, intangible assets and other long-term assets	524,268	354,382
Cash paid for investments	3,200,000	-
Cash paid to other related investment activities	-	3,000,000
Sub-total of cash outflows	3,724,268	3,354,382
Net cash flows used in investing activities	-1,625,141	-477,863

**PARENT COMPANY CASH FLOW STATEMENTS (CONTINUED)
FOR THE THREE MONTHS ENDED 31 MARCH 2021 (Unaudited)**

Unit: RMB'000

Items	Three months ended 31 March	
	2021	2020
3. Cash flows generated from financing activities		
Cash received from borrowings	870,000	3,160,000
Sub-total of cash inflows	870,000	3,160,000
Cash repayments of borrowings	3,870,000	1,660,000
Cash paid for distribution of dividends or profits and interest expenses	33,863	11,502
Cash paid for other financing activities	300	9,400
Sub-total of cash outflows	3,904,163	1,680,902
Net cash flows generated from financing activities	-3,034,163	1,479,098
4. Effect of foreign exchange rate changes on cash and cash equivalents	-	-
5. Net increase in cash and cash equivalents	-4,738,537	-2,533,901
Add: Cash and cash equivalents at beginning of the Reporting Period	5,460,067	5,754,440
6. Cash and cash equivalents at end of the Reporting Period	721,530	3,220,539

By Order of the Board
Sinopec Shanghai Petrochemical Company Limited
Wu Haijun
Chairman

Shanghai, the PRC, 28 April 2021

As at the date of this announcement, the executive directors of the Company are Wu Haijun, Guan Zemin, Jin Qiang, Jin Wenmin, Huang Xiangyu and Huang Fei; the non-executive directors of the Company are Xie Zhenglin and Peng Kun; and the independent non-executive directors of the Company are Li Yuanqin, Tang Song, Chen Haifeng, Yang Jun and Gao Song.