

SINOPEC SHANGHAI PETROCHEMICAL CO LTD

Form 6-K

November 01, 2005

[Table of Contents](#)

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 UNDER
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of October 2005

Commission File Number: 1-12158

Sinopec Shanghai Petrochemical Company Limited

(Translation of registrant's name into English)

Jinshanwei, Shanghai

The People's Republic of China

(Address of principal executive offices)

Edgar Filing: SINOPEC SHANGHAI PETROCHEMICAL CO LTD - Form 6-K

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- Not Applicable

Table of Contents

SINOPEC SHANGHAI PETROCHEMICAL COMPANY LIMITED

Form 6-K

TABLE OF CONTENTS

| | <u>Page</u> |
|---|--------------------|
| <u>Signature</u> | 3 |
| <u>2005 third quarterly report dated October 27, 2005</u> | 4 |
| <u>Press release regarding 2005 third quarterly result dated October 27, 2005</u> | 15 |
| <u>Board resolutions dated October 27, 2005</u> | 18 |

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SINOPEC SHANGHAI PETROCHEMICAL COMPANY LIMITED

Date: November 1, 2005

By: /s/ Rong Guangdao

Name: Rong Guangdao
Title: Chairman

Table of Contents

(A joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 338)

2005 Third Quarterly Report

This announcement is published simultaneously in Shanghai pursuant to the Rules Governing Listing of Stocks on Shanghai Stock Exchange and in Hong Kong pursuant to the disclosure obligations under Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

§1 IMPORTANT MESSAGE

- 1.1 Sinopec Shanghai Petrochemical Company Limited (the Company) and all of its Directors jointly and severally accept full responsibility for the authenticity, accuracy and completeness of the information contained in this announcement and confirm that there are no material omissions or false or misleading statements in this announcement.
- 1.2 A board meeting (the Meeting) was convened on 27 October 2005 to consider and approve this announcement. All of the Company's Directors attended the Meeting.
- 1.3 The financial statements of the Company's third quarterly report have not been audited.
- 1.4 Mr. Rong Guangdao, Chairman and President of the Company, Mr. Han Zhihao, Director and Chief Financial Officer overseeing the accounting operations and Mr. Hua Xin, Finance Manager in charge of the Accounting Department hereby warrant the authenticity and completeness of the financial statements contained in the quarterly report.

§2 CORPORATE INFORMATION

2.1 Corporate Information

| | | | |
|-------------------------|--|-----------|---|
| Shares Short Name: | (A Share) | (H Share) | SHI (ADR) |
| Shares Stock Code: | 600688 | 338 | |
| Name: | Secretary to the Board of Directors: Zhang Jingming | | Securities representative: Tang Weizhong |
| Correspondence Address: | 48 Jinyi Road, Jinshan District, Shanghai, | | |

Edgar Filing: SINOPEC SHANGHAI PETROCHEMICAL CO LTD - Form 6-K

People's Republic of China

Suite B, 28/F, Huamin Empire
Plaza, 728 West Yan'an Road,
Shanghai, People's Republic

Telephone: 86-21-57943143/52377880
Fax: 86-21-57940050/52375091
E-mail: spc@spc.com.cn

of China
86-21-52377880
86-21-52375091
tom@spc.com.cn

Table of Contents**2.2 Financial Information**

2.2.1 Major Accounting Data and Financial Indicators

| | <i>Currency: RMB</i> | | |
|--|--|--|--|
| | Increase / (decrease) | | |
| | As at the end of the reporting period | As at the end of the previous year | as compared to the end of the previous year (%) |
| Total assets (000) | 27,936,481 | 28,757,089 | -2.85 |
| Shareholders' equity (excluding minority interests) (000) | 19,211,243 | 18,902,281 | 1.63 |
| Net assets value per share (RMB) | 2.668 | 2.625 | 1.64 |
| Adjusted net assets value per share (RMB) | 2.666 | 2.623 | 1.64 |
| | | | Increase / (decrease) |
| | | | as compared to the |
| | The reporting period | From the beginning of the year to the end of the reporting period | corresponding period of the previous year (%) |
| Net cash flows from operating activities (000) | 1,370,337 | 3,148,778 | 11.39 |
| Earnings per share (RMB) | 0.014 | 0.243 | -90.91 |
| Return on net assets (%) | 0.512 | 9.104 | decrease 5.658 percentage points |
| Return on net assets excluding non-recurring items (%) | 0.483 | 9.714 | decrease 6.270 percentage points |
| | | | Amount (000) |
| Non-recurring items | | | |
| Non-operating income | | | 55,401 |
| Non-operating expenses excluding provision for impairment loss on fixed assets | | | -193,226 |
| Tax adjustments for the above items | | | 20,674 |
| Total | | | -117,151 |

Table of Contents

2.2.2 Income Statement

RMB 000 (Unaudited)

| Item | The Group | | The Company | |
|---|------------|------------|-------------|-----------|
| | July to | July to | July to | July to |
| | September | September | September | September |
| | 2005 | 2004 | 2005 | 2004 |
| 1. Income from principal operations | 11,757,991 | 10,348,485 | 10,748,675 | 9,103,997 |
| Less: Cost of sales | 11,119,597 | 8,420,144 | 10,275,342 | 7,357,474 |
| Sales taxes and surcharges | 197,824 | 198,052 | 197,179 | 196,838 |
| 2. Profit from principal operations (- represents losses) | 440,570 | 1,730,289 | 276,154 | 1,549,685 |
| Add: Profit from other operations (- represents losses) | 15,161 | 27,955 | 4,386 | 7,781 |
| Less: Selling expenses | 128,097 | 93,160 | 98,332 | 67,100 |
| Administrative expenses | 310,571 | 258,105 | 255,856 | 189,465 |
| Financial expenses | 17,932 | 77,344 | 12,359 | 65,139 |
| 3. Income from operations (- represents losses) | -869 | 1,329,635 | -86,007 | 1,235,762 |
| Add: Investment income (- represents losses) | 114,498 | -6,176 | 160,624 | 46,092 |
| Non-operating income | 44,635 | 13,410 | 37,618 | 6,987 |
| Less: Non-operating expenses | 38,003 | 29,783 | 24,778 | 27,349 |
| 4. Total Profit (- represents losses) | 120,261 | 1,307,086 | 87,457 | 1,261,492 |
| Less: Income Tax | 2,825 | 198,691 | -10,985 | 178,945 |
| Minority interests | 18,994 | 25,848 | | |
| 5. Net Profit (- represents losses) | 98,442 | 1,082,547 | 98,442 | 1,082,547 |

RMB 000 (Unaudited)

| Item | The Group | | The Company | |
|---|------------|------------|-------------|------------|
| | January to | January to | January to | January to |
| | September | September | September | September |
| | 2005 | 2004 | 2005 | 2004 |
| 1. Income from principal operations | 33,644,463 | 28,126,622 | 31,199,327 | 24,809,912 |
| Less: Cost of sales | 29,482,173 | 22,999,561 | 27,494,360 | 20,195,713 |
| Sales taxes and surcharges | 575,959 | 548,305 | 572,284 | 541,745 |
| 2. Profit from principal operations (- represents losses) | 3,586,331 | 4,578,756 | 3,132,683 | 4,072,454 |
| Add: Profit from other operations (- represents losses) | 83,946 | 103,946 | 50,539 | 41,102 |
| Less: Selling expenses | 324,983 | 321,764 | 246,333 | 240,572 |
| Administrative expenses | 895,709 | 795,410 | 741,285 | 622,310 |
| Financial expenses | 147,272 | 248,839 | 124,546 | 209,357 |
| 3. Income from operations (- represents losses) | 2,302,313 | 3,316,689 | 2,071,058 | 3,041,317 |
| Add: Investment income (- represents losses) | -1,591 | 9,477 | 60,119 | 183,755 |
| Non-operating income | 55,401 | 28,502 | 40,352 | 10,686 |
| Less: Non-operating expenses | 193,226 | 217,243 | 119,990 | 212,097 |
| 4. Total Profit (- represents losses) | 2,162,897 | 3,137,425 | 2,051,539 | 3,023,661 |
| Less: Income Tax | 360,555 | 456,911 | 302,577 | 409,914 |
| Minority interests | 53,380 | 66,767 | | |
| 5. Net Profit (- represents losses) | 1,748,962 | 2,613,747 | 1,748,962 | 2,613,747 |

Table of Contents**2.3 Number of shareholders at the end of the reporting period and top ten holders of listed shares (Non-G Share Company)***Unit: share*

| | |
|--|---------|
| Total number of shareholders as at the end of the reporting period | 176,727 |
|--|---------|

Top ten shareholders of listed shares

| Rank Name | Number of shares | | Type (A, B, H or others) |
|---|---|--------------------|---------------------------------|
| | listed held at end of the reporting period | H or others | |
| HKSCC (Nominees) Ltd. | 1,914,278,857 | | H |
| HSBC (Nominees) Ltd. | 355,906,000 | | H |
| Industrial and Commercial Bank of China - Shang Zheng 50 Jiao Yi Xing Kai Fang Shi Index Securities Investment Fund | 20,007,515 | | A |
| Bank of Communications- Yifangda 50 Index Securities Investment Fund | 10,452,435 | | A |
| HSBC (Nominees) Ltd. | 10,392,000 | | H |
| Zhao Xia | 7,537,121 | | A |
| Shanxi Trust and Investment Corporation Limited | 7,239,584 | | A |
| China Merchants Bank Co., Ltd. - Zhong Xin Jing Dian Pei Zhi Securities Investment Fund | 7,120,000 | | A |
| Bank of China - Jing Shun Chang Cheng You Xuan Gu Piao Securities Investment Fund | 5,095,838 | | A |
| Bank of China - Tongsheng Securities Investment Fund | 4,999,999 | | A |

§3 MANAGEMENT DISCUSSION AND ANALYSIS**3.1 Overview and brief analysis of the Group's operating activities during the reporting period**

During January to September 2005, the Group's production costs increased significantly due to continued upsurge of international crude oil prices. However, there was limited room for increasing product selling prices, in particular for petroleum products, as prices were controlled by the State. As such, there was a great discrepancy of selling prices between the domestic and the international markets, and the domestic refining industry, as a whole, suffered a loss. As a result, the Group's production operation has been faced with a difficult external environment.

The Group's income from principal operations during January to September 2005 amounted to RMB33,644 million, an increase of 19.62% as compared to the corresponding period of the previous year. Sales of synthetic fibres, resins and plastics, intermediate petrochemicals and petroleum products amounted to RMB3,632 million, RMB10,472 million, RMB5,154 million and RMB13,403 million, respectively. The Group's net profit for the period amounted to RMB1,749 million, a 33.09% decrease as compared to the corresponding period of the previous year.

Table of Contents

During January to September 2005, the Group processed 7,120,200 tons (of which 270,000 tons were on sub-contracted basis) crude oil, representing an increase of 4.57% as compared to the corresponding period of the previous year. The Group's unit cost of crude oil processed amounted to RMB3,087 per ton, an increase of 40.51% as compared to the corresponding period of the previous year. Weighted average selling prices of the Group's synthetic fibres, resins and plastics, intermediate petrochemicals and petroleum products increased by 10.68%, 13.87%, 25.83% and 20.74%, respectively.

3.1.1 Principal operations or products accounted for 10% or more of income from principal operations or profit from principal operations

RMB '000 (Unaudited)

| Segment | Income from | | Gross profit margin (%) |
|--|--|---------------|-------------------------|
| | principal operations | Cost of sales | |
| Synthetic fibres | 3,631,888 | 3,197,088 | 11.97 |
| Resins and plastics | 10,471,616 | 8,325,082 | 20.50 |
| Intermediate petrochemicals | 5,154,198 | 3,695,292 | 28.31 |
| Petroleum products | 13,402,788 | 13,489,866 | -0.65 |
| Trading and others | 983,973 | 774,845 | 21.25 |
| Including: connected transactions | 14,044,995 | 13,198,563 | 6.03 |
| Price-setting principles of connected transactions | The board of directors of the Group is of the opinion that the above related party transactions were conducted on normal commercial terms or, on terms no less favorable to the Group than terms available to or from independent third parties, and in the ordinary course of business. | | |

3.1.2 Profit breakdown during the reporting period (material changes in the ratios of profit from principal operations, profit from other operations, expenses for the period, investment income, subsidies income and net non-operating expenses to total profit as compared to the previous reporting period and the reasons therefore)

| | Ratio to total profit (%) | | Reasons for change |
|----------------------------------|---|---|---|
| | Reporting period (July to September 2005) | Previous reporting period (January to June 2005) | |
| Profit from principal operations | 366.34 | 154.00 | With further increase in cost of crude oil processed and stagnant selling prices of major products, the Group's total profit decreased significantly during the period. |
| Profit from other operations | 12.61 | 3.37 | |
| Expenses for the period | 379.67 | 44.62 | |
| Investment income | 95.21 | -5.68 | During the reporting period, the Group's investment income from Shanghai Secco increased. |
| Net non-operating expenses | 5.51 | -7.07 | During the reporting period, the Group sold a piece of land located in Cezi Island. |

Table of Contents**3.1.3 Substantial changes in the profitability (gross profit margin) of the principal operations as compared to the previous reporting period and the reasons therefor**

During the reporting period, the Group's profitability of its principal operations decreased as compared to the previous reporting period mainly due to further increase in costs of crude oil processed and stagnant selling prices of major product, in particular for petroleum products. As prices were controlled by the State, there was a great discrepancy of selling prices between the domestic and the international markets.

3.2 Warning and explanation in respect of the possibility of a substantial decrease in the aggregate net profit of the Group for the year ending 31 December 2005 compared to the year ended 31 December 2004

In view of high crude oil prices and stagnant selling prices of downstream products, which has narrowed the profitability of the Group's products, the Group's net profit (calculated in accordance with PRC generally accepted accounting principles) for the year ending 31 December 2005 is expected to decrease by more than 50% as compared to the year ended 31 December 2004. The Group also expects that its net profit (calculated in accordance with Hong Kong generally accepted accounting principles) for the year ending 31 December 2005 will decrease compared to the year ended 31 December 2004.

§4 APPENDIX**Balance Sheet****30th September 2005***RMB '000 (Unaudited)*

| Item | The Group | | The Company | |
|------------------------------------|--------------------------|------------------------------|--------------------------|------------------------------|
| | At the end of the period | At the beginning of the year | At the end of the period | At the beginning of the year |
| Current assets: | | | | |
| Cash at bank and in hand | 1,224,481 | 1,694,500 | 751,039 | 1,163,399 |
| Bills receivable | 894,550 | 1,708,792 | 681,854 | 1,556,250 |
| Trade debtors | 850,241 | 602,597 | 610,586 | 449,810 |
| Other debtors | 578,175 | 619,281 | 446,406 | 729,750 |
| Advance payments | 281,023 | 260,736 | 219,309 | 186,284 |
| Inventories | 4,378,420 | 3,727,749 | 3,802,918 | 3,216,615 |
| Total current assets | 8,206,890 | 8,613,655 | 6,512,112 | 7,302,108 |
| Long-term investments: | | | | |
| Long-term equity investments | 2,706,826 | 2,615,350 | 4,486,081 | 4,104,456 |
| Total long-term investments | 2,706,826 | 2,615,350 | 4,486,081 | 4,104,456 |

Fixed assets:

| | | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| Fixed assets at cost | 33,667,357 | 32,904,209 | 29,773,018 | 28,983,520 |
| Less: Accumulated depreciation | 17,400,822 | 16,164,713 | 15,457,223 | 14,348,615 |
| Fixed assets net book value | 16,266,535 | 16,739,496 | 14,315,795 | 14,634,905 |
| Less: Provision for impairment loss on fixed assets | 58,945 | 58,945 | 58,945 | 58,945 |
| Net book value | 16,207,590 | 16,680,551 | 14,256,850 | 14,575,960 |
| Construction materials | 23,937 | 20,226 | 23,937 | 20,226 |
| Construction in progress | 737,468 | 763,450 | 665,047 | 708,089 |
| Total fixed assets | 16,968,995 | 17,464,227 | 14,945,834 | 15,304,275 |

Table of Contents

| Item | The Group | | The Company | |
|---|-------------------|-------------------|-------------------|-------------------|
| | At the | At the | At the | At the |
| | end of | beginning | end of | beginning |
| | the period | of the year | the period | of the year |
| Intangible assets and other fixed assets: | | | | |
| Intangible assets | 12,328 | 22,415 | 12,328 | 22,415 |
| Total intangible assets and other fixed assets | 12,328 | 22,415 | 12,328 | 22,415 |
| Deferred taxation: | | | | |
| Deferred tax assets | 41,442 | 41,442 | 40,154 | 40,154 |
| Total assets | 27,936,481 | 28,757,089 | 25,996,509 | 26,773,408 |
| Current liabilities: | | | | |
| Short-term loans | 2,944,887 | 3,742,727 | 2,437,441 | 3,034,556 |
| Bills payable | 87,842 | 274,000 | 8,006 | 94,888 |
| Trade creditors | 1,235,738 | 911,940 | 793,013 | 708,151 |
| Receipt in advances | 407,473 | 321,869 | 369,912 | 291,540 |
| Wages payable | 40,004 | 63,522 | 30,113 | 58,152 |
| Staff welfare payable | 81,861 | 77,798 | 42,446 | 35,909 |
| Dividend payable | 64,162 | | 64,162 | |
| Taxes payable | 79,425 | 260,111 | 39,520 | 228,059 |
| Other creditors | 23,334 | 17,554 | 15,384 | 7,226 |
| Other payables | 444,823 | 484,061 | 337,273 | 421,971 |
| Accrued expenses | 18,498 | 21,399 | 17,097 | 16,839 |
| Current portion of long-term loans | 1,587,400 | 1,257,578 | 1,470,000 | 1,114,899 |
| Total current liabilities | 7,015,447 | 7,432,559 | 5,624,367 | 6,012,190 |
| Long-term liabilities: | | | | |
| Long-term loans | 1,308,576 | 2,014,614 | 1,160,899 | 1,858,937 |
| Other long-term liabilities | 25,912 | 34,551 | | |
| Total long-term liabilities | 1,334,488 | 2,049,165 | 1,160,899 | 1,858,937 |
| Total liabilities | 8,349,935 | 9,481,724 | 6,785,266 | 7,871,127 |
| Minority interests | 375,303 | 373,084 | | |
| Shareholder s equity: | | | | |
| Share capital | 7,200,000 | 7,200,000 | 7,200,000 | 7,200,000 |
| Net received share capital | 7,200,000 | 7,200,000 | 7,200,000 | 7,200,000 |
| Capital reserves | 2,856,278 | 2,856,278 | 2,856,278 | 2,856,278 |
| Surplus reserves | 4,196,096 | 4,196,096 | 4,196,096 | 4,196,096 |
| Including: public welfare fund | 1,457,791 | 1,375,702 | 1,457,791 | 1,375,702 |
| Undistributed profit | 4,958,869 | 4,649,907 | 4,958,869 | 4,649,907 |
| Total shareholder s equity | 19,211,243 | 18,902,281 | 19,211,243 | 18,902,281 |
| Total liabilities and shareholder s equity | 27,936,481 | 28,757,089 | 25,996,509 | 26,773,408 |

Table of Contents**Income Statements***RMB 000 (Unaudited)*

| Item | The Group | | The Company | |
|---|----------------------|----------------------|----------------------|----------------------|
| | July to September | July to September | July to September | July to September |
| | 2005 | 2004 | 2005 | 2004 |
| 1. Income from principal operations | 11,757,991 | 10,348,485 | 10,748,675 | 9,103,997 |
| Less: Cost of sales | 11,119,597 | 8,420,144 | 10,275,342 | 7,357,474 |
| Sales taxes & surcharge | 197,824 | 198,052 | 197,179 | 196,838 |
| 2. Profit from principal operations (- represents losses) | 440,570 | 1,730,289 | 276,154 | 1,549,685 |
| Add: Profit from other operations (- represents losses) | 15,161 | 27,955 | 4,386 | 7,781 |
| Less: Selling expenses | 128,097 | 93,160 | 98,332 | 67,100 |
| Administrative expenses | 310,571 | 258,105 | 255,856 | 189,465 |
| Financial expenses | 17,932 | 77,344 | 12,359 | 65,139 |
| 3. Income from operations (- represents losses) | -869 | 1,329,635 | -86,007 | 1,235,762 |
| Add: Investment income | 114,498 | -6,176 | 160,624 | 46,092 |
| Non-operating income | 44,635 | 13,410 | 37,618 | 6,987 |
| Less: Non-operating expenses | 38,003 | 29,783 | 24,778 | 27,349 |
| 4. Total profit (- represents losses) | 120,261 | 1,307,086 | 87,457 | 1,261,492 |
| Less: Income tax | 2,825 | 198,691 | -10,985 | 178,945 |
| Minority interests | 18,994 | 25,848 | | |
| 5. Net profit (- represents losses) | 98,442 | 1,082,547 | 98,442 | 1,082,547 |

Table of Contents

RMB 000 (Unaudited)

| Item | The Group | | The Company | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | January to September 2005 | January to September 2004 | January to September 2005 | January to September 2005 |
| 1. Income from principal operations | 33,644,463 | 28,126,622 | 31,199,327 | 24,809,912 |
| Less: Cost of sales | 29,482,173 | 22,999,561 | 27,494,360 | 20,195,713 |
| Sales taxes & surcharge | 575,959 | 548,305 | 572,284 | 541,745 |
| 2. Profit from principal operations (- represents losses) | 3,586,331 | 4,578,756 | 3,132,683 | 4,072,454 |
| Add: Profit from other operations (- represents losses) | 83,946 | 103,946 | 50,539 | 41,102 |
| Less: Selling expenses | 324,983 | 321,764 | 246,333 | 240,572 |
| Administrative expenses | 895,709 | 795,410 | 741,285 | 622,310 |
| Financial expenses | 147,272 | 248,839 | 124,546 | 209,357 |
| 3. Income from operations (- represents losses) | 2,302,313 | 3,316,689 | 2,071,058 | 3,041,317 |
| Add: Investment income | -1,591 | 9,477 | 60,119 | 183,755 |
| Non-operating income | 55,401 | 28,502 | 40,352 | 10,686 |
| Less: Non-operating expenses | 193,226 | 217,243 | 119,990 | 212,097 |
| 4. Total profit (- represents losses) | 2,162,897 | 3,137,425 | 2,051,539 | 3,023,661 |
| Less: Income tax | 360,555 | 456,911 | 302,577 | 409,914 |
| Minority interests | 53,380 | 66,767 | | |
| 5. Net profit (- represents losses) | 1,748,962 | 2,613,747 | 1,748,962 | 2,613,747 |
| Add: Retained earnings at the beginning of the year | 4,649,907 | 2,048,896 | 4,649,907 | 2,048,896 |
| 6. Distributable profit | 6,398,869 | 4,662,643 | 6,398,869 | 4,662,643 |
| 7. Profit distributable to shareholders | 6,398,869 | 4,662,643 | 6,398,869 | 4,662,643 |
| Ordinary shares dividends payable | 1,440,000 | 576,000 | 1,440,000 | 576,000 |
| 8. Retained earnings | 4,958,869 | 4,086,643 | 4,958,869 | 4,086,643 |

Table of Contents**Cash Flow Statement**

January to September 2005

RMB 000 (Unaudited)

| Item | The Group | The Company |
|---|--------------------|--------------------|
| 1. Cash flows from operating activities: | | |
| Cash received from sale of goods and rendering of services | 41,325,716 | 37,791,704 |
| Refund of taxes and levies | 5,438 | |
| Other cash received relating to operating activities | 7,206 | 1,857 |
| Sub-total of cash inflows | 41,338,360 | 37,793,561 |
| Cash paid for goods and services | -35,369,160 | -32,609,010 |
| Cash paid to and on behalf of employees | -989,307 | -642,716 |
| Income tax paid | -432,282 | -386,014 |
| Taxed paid other than income tax | -593,788 | -588,299 |
| Other cash paid relating to operating activities | -805,045 | -415,251 |
| Sub-total of cash outflows | -38,189,582 | -34,641,290 |
| Net cash flows from operating activities | 3,148,778 | 3,152,271 |
| 2. Cash flows from investing activities: | | |
| Cash received from disposal of investments | 25,576 | |
| Maturity of time deposits with financial institutions | 4,000 | |
| Cash received from investment income | 81,640 | 160,767 |
| Cash received from disposal of fixed assets, intangible assets and other long-term fixed assets | 110,634 | 100,601 |
| Other cash received relating to investing activities | 30,375 | 25,038 |
| Sub-total of cash inflows | 252,225 | 286,406 |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term fixed assets | -827,498 | -821,998 |
| Cash paid for purchase of investments | -200,283 | -511,378 |
| Sub-total of cash outflows | -1,027,781 | -1,333,376 |
| Net cash flows from investing activities | -775,556 | -1,046,970 |
| 3. Cash flows from financing activities: | | |
| Proceeds from borrowings | 6,599,543 | 5,827,417 |
| Sub-total of cash inflows | 6,599,543 | 5,827,417 |
| Repayment of borrowings | -7,773,599 | -6,767,469 |
| Cash paid for dividends, profits distribution and interest | -1,664,302 | -1,576,726 |
| Sub-total of cash outflows | -9,437,901 | -8,344,195 |
| Net cash flows from financing activities | -2,838,358 | -2,516,778 |
| 4. Effect of foreign exchange rate changes | -883 | -883 |
| 5. Net decrease in cash and cash equivalents | -466,019 | -412,360 |

Table of Contents**Supplementary Information**

| 1. Reconciliation of net profit to cash flow from operating activities: | | |
|--|-----------|-----------|
| Net profit | 1,748,962 | 1,748,962 |
| Add: minority interests | 53,380 | |
| Depreciation | 1,289,982 | 1,145,631 |
| Amortization of intangible assets | 10,087 | 10,087 |
| Loss on disposal of fixed assets | -34,056 | -34,921 |
| Provision for bad debts | 1,978 | |
| Financial expenses | 204,027 | 176,108 |
| Investment losses / (income) | 1,591 | -60,119 |
| Decrease in inventories (Less: Increase) | -650,671 | -586,303 |
| Decrease in operating receivables (Less: Increase) | 585,439 | 962,055 |
| Increase in operating payables (Less: Decrease) | -61,941 | -209,229 |
| Net cash flows from operating activities | 3,148,778 | 3,152,271 |
| 2. Net decrease in cash and cash equivalents: | | |
| Cash and cash equivalents at the end of the period | 1,224,481 | 751,039 |
| Less: cash and cash equivalents at the beginning of the period | 1,690,500 | 1,163,399 |
| Net decrease in cash and cash equivalents | -466,019 | -412,360 |

By order of the Board

Rong Guangdao*Chairman*

Shanghai, 27 October 2005

As at the date of this announcement, the executive directors of the Company are Rong Guangdao, Du Chongjun, Han Zhihao, Wu Haijun, Gao Jinping and Shi Wei; 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.

Table of Contents

SINOPEC SHANGHAI PETROCHEMICAL COMPANY LIMITED

To: Business Editor

[For Immediate Release]

Shanghai Petrochemical Announces 2005 Third Quarterly Results

Net Profit Amounted to RMB1,749 Million

Hong Kong, October 27, 2005 Sinopec Shanghai Petrochemical Company Limited (Shanghai Petrochemical or the Company) (HKEx: 338; SSE: 600688; NYSE: SHI) announced today the unaudited operating results of the Company and its subsidiaries (the Group) for the nine-month period ended September 30, 2005 (the Period). In accordance with PRC Accounting Standards, during the Period, the Group s income from principal operations amounted to RMB33,644 million, an increase of 19.62% as compared to the corresponding period of the previous year. Net profit amounted to RMB1,749 million, a decrease of 33.09% as compared to the corresponding period of the previous year.

Mr. Rong Guangdao, Chairman of Shanghai Petrochemical, said, During January to September 2005, although the Group s income from principal operations increased as compare to the corresponding period of the previous year, due to continued upsurge of international crude oil prices, the Group s production costs also increased significantly. In addition, there was limited room for increasing product selling prices, in particular for petroleum products, as prices were controlled by the State, there was a great discrepancy of selling prices between the domestic and the international markets. As a result, the profitability of the Group s principal operations was much affected.

During the Period, the Group s sales of synthetic fibers, resins and plastics, intermediate petrochemicals and petroleum products amounted to RMB3,632 million, RMB10,472 million, RMB5,154 million and RMB13,403 million, respectively. The consolidated average selling prices for the above products increased by 10.68%, 13.87%, 25.83% and 20.74%, respectively.

During the Period, the Group processed 7,120,200 tons (of which 270,000 tons were on sub-contracted basis) of crude oil, representing an increase of 4.57% as compared to the corresponding period of the previous year. With the effect of increased crude oil prices, the Group s unit cost of crude oil processed also increased by 40.51% to RMB3,087 per ton.

Table of Contents

Shanghai Petrochemical Announces 2005 Third Quarterly Results p.2

Looking ahead, Mr. Rong said, "While facing with a difficult external environment, the Group will closely monitor market developments, make timely adjustments to its sales strategies, strengthen internal management, improve operation efficiency and speed up the expansion work of its facilities in order to increase the economies of scale and reduce production costs."

Shanghai Petrochemical is one of the largest petrochemical companies in the PRC and was one of the first Chinese companies to make a global securities offering. Located in Jinshan District in the southwest of Shanghai, it is a highly integrated petrochemical complex which processes crude oil into a broad range of products in synthetic fibres, resins and plastics, intermediate petrochemicals and petroleum categories.

This press release contains statements of a forward-looking nature. These statements are made under the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. The accuracy of these statements may be impacted by a number of business risks and uncertainties that could cause actual results to differ materially from those projected or anticipated, including risks related to: the risk that the PRC economy may not grow at the same rate in future periods as it has in the last several years, or at all, including as a result of the PRC government's macro-economic control measures to curb over-heating; uncertainty as to global economic growth in future periods; the risk that prices of the Company's raw materials, particularly crude oil, will continue to increase; not be able to raise its prices accordingly which would adversely affect the Company's profitability; the risk that new marketing and sales strategies may not be effective; the risk that fluctuations in demand for the Company's products may cause the Company to either over-invest or under-invest in production capacity in one or more of its four major product categories; the risk that investments in new technologies and development cycles may not produce the benefits anticipated by management; the risk that the trading price of the Company's shares may decrease for a variety of reasons, some of which may be beyond the control of management; competition in the Company's existing and potential markets; and other risks outlined in the Company's filings with the U.S. Securities and Exchange Commission. The Company does not undertake any obligation to update this forward-looking information, except as required under applicable law.

End

Encl: Consolidated Income Statement (Unaudited)

For further information, please contact:

Ms. Sally Wong / Ms. Sharon Wong

Rikes Communications Limited

Tel: (852) 2520 2201

Fax: (852) 2520 2241

Table of Contents

Shanghai Petrochemical Announces 2005 Third Quarterly Results p.3

Sinopec Shanghai Petrochemical Company Limited**Consolidated Income Statement (unaudited)**

(Prepared under PRC Accounting Rules and Regulations)

| | For the nine-month periods ended | |
|---|----------------------------------|----------------|
| | 30 September | |
| | 2005 | 2004 |
| | <i>RMB 000</i> | <i>RMB 000</i> |
| Income from principal operations | 33,644,463 | 28,126,622 |
| Less: Cost of sales | (29,482,173) | (22,999,561) |
| Sales taxes and surcharges | (575,959) | (548,305) |
| Profit from principal operations | 3,586,331 | 4,578,756 |
| Add: Profit from other operations | 83,946 | 103,946 |
| Less: Selling expenses | (324,983) | (321,764) |
| Administrative expenses | (895,709) | (795,410) |
| Financial expenses | (147,272) | (248,839) |
| Profit from operations | 2,302,318 | 3,316,689 |
| Add: Investment (loss) / income | (1,591) | 9,477 |
| Non-operating income | 55,401 | 28,502 |
| Less: Non-operating expenses | (193,226) | (217,243) |
| Total profit | 2,162,897 | 3,137,425 |
| Less: Income tax | (360,555) | (456,911) |
| Minority interests | (53,380) | (66,767) |
| Net profit | 1,748,962 | 2,613,747 |

Table of Contents

(A joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 338)

Resolutions of the 4th Meeting of the Fifth Session of the Board of Directors

The Company and all members of the board of directors confirm that the information contained in this announcement is true, accurate and complete, and severally and jointly accept full responsibility for any false statements, misleading representations or material omissions in this announcement.

The directors were informed on the convening of the 4th meeting of the fifth session of the board of directors of the Company (the Meeting) via facsimile and mail on 13 October 2005. The Meeting was held on 27 October 2005 by means of correspondence. Of the 12 directors entitled to attend the Meeting, 12 of them attended the Meeting. The Meeting complied with the requirements of the PRC Company Law and the articles of association of the Company. Mr. Rong Guangdao, Chairman of the Company, presided over the Meeting. The Meeting considered and approved the following resolution:

Resolution The authorization given to the secretary to the board of directors to submit the 2005 third quarterly report to The Stock Exchange of Hong Kong Limited, the Shanghai Stock Exchange and the New York Stock Exchange; the announcement of the third quarterly report after 4:00 p.m. on 27 October 2005; and the publication of the report in designated newspapers of Hong Kong and Shanghai on 28 October 2005 were considered and approved (with 12 votes in favor, 0 vote against, 0 abstention);

In view of high crude oil prices and stagnant selling prices of downstream products, which has narrowed the profitability of the Group's products, the Group's net profit (calculated in accordance with PRC generally accepted accounting principles) for the year ending 31 December 2005 is expected to decrease by more than 50% as compared to the year ended 31 December 2004. The Group also expects that its net profit (calculated in accordance with Hong Kong generally accepted accounting principles) for the year ending 31 December 2005 will decrease compared to the year ended 31 December 2004.

Sinopec Shanghai Petrochemical Company Limited

Shanghai, 27 October 2005

As at the date of this announcement, the executive directors of the Company are Rong Guangdao, Du Chongjun, Han Zhihao, Wu Haijun, Gao Jinping and Shi Wei; 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.