

SINOPEC SHANGHAI PETROCHEMICAL CO LTD

Form 6-K

April 29, 2019

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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 April 2019

Commission File Number: 1-12158

Sinopec Shanghai Petrochemical Company Limited

(Translation of registrant's name into English)

No. 48 Jinyi Road, Jinshan District, Shanghai, 200540

The People's Republic of China

(Address of principal executive offices)

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):

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EXHIBITS

Exhibit

Number

99.1 2019 First Quarterly Report.

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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: April 26, 2019

By: /s/ Guo Xiaojun
Name: Guo Xiaojun
Title: Secretary to Board of Directors

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Exhibit 99.1

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

(Stock Code: 00338)

2019 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 2019 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 sixteenth meeting of the ninth session of the Board, and have considered and adopted the 2019 first quarterly report at the meeting.
- 1.3 Mr. Wu Haijun, Chairman of the Company, Mr. Zhou Meiyun, Executive Director, Vice President and Chief Financial Officer overseeing the accounting operations, and Ms. Yang Yating, person-in-charge of Accounting Department (Deputy Accounting Chief) and Finance Manager 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 2019 first quarterly report was prepared under the China Accounting Standards for Business Enterprises and was un audited.

Table of Contents**2. Key Financial Data & Change 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) | 43,079,860 | 44,539,960 | -3.28 |
| Total equity attributable to equity shareholders of the Company (RMB 000) | 30,993,549 | 30,370,126 | 2.05 |
| | 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 generated from operating activities (RMB 000) | -1,089,708 | 1,635,267 | -166.64 |
| | 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 (RMB 000) | 25,136,233 | 25,759,522 | -2.42 |
| Net profit attributable to equity shareholders of the Company (RMB 000) | 610,653 | 1,771,513 | -65.53 |
| Net profit attributable to equity shareholders of the Company excluding non-recurring items (RMB 000) | 624,529 | 1,768,368 | -64.68 |
| Return on net assets (weighted average) (%) | | | Decreased by |
| | 1.992 | 5.841 | 3.85 percentage points |
| Basic earnings per share (RMB/share) | 0.056 | 0.164 | -65.85 |

| | | | |
|--|-------|-------|--------|
| Diluted earnings per share (RMB/share) | 0.056 | 0.164 | -65.85 |
|--|-------|-------|--------|

Table of Contents**Excluded non-recurring items and amount:**

Unit: RMB 000

| Item | Amount for the Reporting Period (January to March) |
|--|---|
| Losses on disposal of non-current assets | -790 |
| 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 | 584 |
| 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. | -13,934 |
| Other non-operating income and expenses other than those mentioned above | 329 |
| Other profit and loss items that meet the definition of non-recurring items | -7,377 |
| Effect on minority interests (after tax) | 886 |
| Tax effect for the items above | 6,426 |
| Total | -13,876 |

Table of Contents**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 88,503

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 | Situation of the shares | Type of shareholder |
|---|---|---|---|---|--|-----------------------------------|
| China Petroleum & Chemical Corporation | 5,460,000,000 | 50.44 | 0 | 0 | None | State-owned legal person Overseas |
| HKSCC (Nominees) Limited | 3,458,212,771 | 31.95 | 0 | 0 | Unknown | legal person |
| China Securities Finance Corporation Limited | 324,111,018 | 2.99 | 0 | 0 | None | Others |
| HKSCC Limited | 79,935,466 | 0.74 | 0 | 0 | None | Others |
| Central Huijin Investment Ltd. | 67,655,800 | 0.63 | 0 | 0 | None | Others |
| GF Fund Agricultural Bank of China GF CSI Financial Asset Management Plan | 45,222,300 | 0.42 | 0 | 0 | None | Others |
| Dacheng Fund Agricultural Bank of China Dacheng CSI Financial Asset Management Plan | 43,531,469 | 0.40 | 0 | 0 | None | Others |
| China Asset Fund Agricultural Bank of China China Asset CSI Financial Asset Management Plan | 43,083,750 | 0.40 | 0 | 0 | None | Others |
| Bosera Fund Agricultural Bank of China Bosera CSI Financial Asset Management Plan | 43,083,700 | 0.40 | 0 | 0 | None | Others |
| E Fund Agricultural Bank of China E Fund CSI Financial Asset Management Plan | 43,083,700 | 0.40 | 0 | 0 | None | Others |

Table of Contents**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 | 3,458,212,771 | Overseas listed foreign share | 3,458,212,771 |
| China Securities Finance Corporation Limited | 324,111,018 | RMB common stocks | 324,111,018 |
| HKSCC Limited | 79,935,466 | RMB common stocks | 79,935,466 |
| Central Huijin Investment Ltd. | 67,655,800 | RMB common stocks | 67,655,800 |
| GF Fund Agricultural Bank of China GF CSI Financial Asset Management Plan | 45,222,300 | RMB common stocks | 45,222,300 |
| Dacheng Fund Agricultural Bank of China Dacheng CSI Financial Asset Management Plan | 43,531,469 | RMB common stocks | 43,531,469 |
| China Asset Fund Agricultural Bank of China China Asset CSI Financial Asset Management Plan | 43,083,750 | RMB common stocks | 43,083,750 |
| Bosera Fund Agricultural Bank of China Bosera CSI Financial Asset Management Plan | 43,083,700 | RMB common stocks | 43,083,700 |
| E Fund Agricultural Bank of China E Fund CSI Financial Asset Management Plan | 43,083,700 | RMB common stocks | 43,083,700 |
| 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. | | |

Table of Contents**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 2019 | As at 31 March 2018 | Increase/ decrease amount | Change (%) | Major reason for change |
|-------------------------------------|--------------------------------|--------------------------------|--|-----------------------|---|
| Prepayments | 375,012 | 72,968 | 302,044 | 413.94 | Increased prepaid raw material procurement expenses in the current period |
| Short-term borrowings | 1,425,000 | 497,249 | 927,751 | 186.58 | Increased demand for capital for daily production and operation |
| Staff salaries and welfares payable | 272,457 | 128,861 | 143,596 | 111.43 | Increase in outstanding performance appraisal awards |

Unit: RMB 000

| Item | For the three-month period ended 31 March | | Increase/ decrease amount | Change (%) | Major reason for change |
|---------------------|--|-------------|--|-----------------------|--|
| | 2019 | 2018 | | | |
| Operating profit | 747,350 | 2,263,474 | -1,516,124 | -66.98 | The rise in crude oil prices at the beginning of the year led to a significant increase in raw material costs, y-o-y decrease in product price and a sharp drop in gross profit. |
| Financial expenses | -119,841 | -106,688 | -13,153 | 12.33 | The average level of bank deposits during the reporting period increased compared with the same period last year. |
| Investment income | 195,291 | 271,384 | -76,093 | -28.04 | The joint venture company's current operating condition is weaker than that of the same period last year, and its investment income decreases. |
| Income tax expenses | 136,682 | 497,523 | -360,841 | -72.53 | Earnings declined during the reporting period compared with the same period last year. |

Table of Contents**4. Appendix****4.1 CONSOLIDATED BALANCE SHEETS
AS AT 31 MARCH 2019***Unit: RMB 000*

| Items | As at the end of the period (unaudited) | As at the beginning of the year (audited) |
|------------------------------------|--|---|
| Current assets | | |
| Cash at bank and on hand | 10,771,046 | 10,241,893 |
| Trading financial assets | 1,800,000 | 2,719,811 |
| Derivative financial assets | | 7,468 |
| Notes payable and accounts payable | 4,238,779 | 3,970,245 |
| Including: Notes payable | 1,092,412 | 789,103 |
| Accounts payable | 3,146,367 | 3,181,142 |
| Interests receivable | 375,012 | 72,968 |
| Other receivables | 158,968 | 108,986 |
| Inventories | 6,508,112 | 8,120,875 |
| Assets classified as held for sale | 24,331 | 24,331 |
| Other current assets | 16,914 | 32,299 |
| Total current assets | 23,893,162 | 25,298,876 |
| Non-current assets | | |
| Long-term equity investments | 4,866,359 | 4,657,133 |
| Investment properties | 378,023 | 376,739 |
| Fixed assets | 11,325,072 | 11,670,453 |
| Construction in progress | 1,645,450 | 1,559,401 |
| Right-of-use assets | 58,812 | |
| Intangible assets | 351,160 | 355,594 |
| Long-term prepaid expenses | 456,714 | 502,689 |
| Deferred tax assets | 105,108 | 119,075 |
| Total non-current assets | 19,186,698 | 19,241,084 |
| Total assets | 43,079,860 | 44,539,960 |

Table of Contents**CONSOLIDATED BALANCE SHEETS (CONTINUED)****AS AT 31 MARCH 2019***Unit: RMB 000*

| Items | As at the end of the period (unaudited) | As at the beginning of the year (audited) |
|--|--|--|
| Current liabilities | | |
| Short-term borrowings | 1,425,000 | 497,249 |
| Derivative financial liabilities | 139 | 11,005 |
| Notes payable and accounts payable | 5,744,206 | 7,394,383 |
| Employee benefits payable | 272,457 | 128,861 |
| Taxes payable | 3,233,060 | 4,642,692 |
| Other payables | 715,591 | 785,260 |
| Contract Liabilities | 363,751 | 453,564 |
| Non-current liabilities due within one year | | |
| Total current liabilities | 11,754,204 | 13,913,014 |
| Non-current liabilities | | |
| Lease liabilities | 77,444 | |
| Deferred revenue | 137,942 | 140,442 |
| Total non-current liabilities | 215,386 | 140,442 |
| Total liabilities | 11,969,590 | 14,053,456 |
| Shareholders equity | | |
| Share capital | 10,823,814 | 10,823,814 |
| Capital surplus | 610,327 | 610,327 |
| Other comprehensive income | 10,390 | 10,389 |
| Surplus reserve | 6,237,171 | 6,237,170 |
| Specific reserve | 69,902 | 57,135 |
| Undistributed profits | 13,241,945 | 12,631,291 |
| Total equity attributable to equity shareholders of the Company | 30,993,549 | 30,370,126 |
| Minority interests | 116,721 | 116,378 |
| Total shareholders equity | 31,110,270 | 30,486,504 |
| Total liabilities and shareholders equity | 43,079,860 | 44,539,960 |

Table of Contents**COMPANY BALANCE SHEETS****AS AT 31 MARCH 2019***Unit: RMB 000*

| Items | As at the end of the period (unaudited) | As at the beginning of the year (audited) |
|--|--|--|
| Current assets | | |
| Cash at bank and on hand | 9,575,797 | 9,119,013 |
| Trading financial assets | 1,800,000 | 2,519,100 |
| Derivative financial assets | | 6,953 |
| Notes receivable and accounts receivable | 3,004,292 | 2,768,008 |
| Including: Notes receivable | 970,526 | 714,599 |
| Accounts receivable | 2,033,766 | 2,053,409 |
| Advances to suppliers | 371,025 | 68,934 |
| Other receivables | 139,811 | 96,182 |
| Inventories | 6,022,835 | 7,500,683 |
| Total current assets | 20,913,760 | 22,078,873 |
| Non-current assets | | |
| Long-term equity investments | 5,959,106 | 5,762,327 |
| Investment properties | 409,075 | 408,366 |
| Fixed assets | 11,127,283 | 11,459,333 |
| Construction in progress | 1,645,450 | 1,559,401 |
| Right-of-use assets | 56,278 | |
| Intangible assets | 316,717 | 319,877 |
| Long-term prepaid expenses | 447,585 | 493,242 |
| Deferred tax assets | 95,909 | 109,137 |
| Total non-current assets | 20,057,403 | 20,111,683 |
| Total assets | 40,971,163 | 42,190,556 |

Table of Contents**COMPANY BALANCE SHEETS (CONTINUED)****AS AT 31 MARCH 2019***Unit: RMB 000*

| Items | As at the end of the period (unaudited) | As at the beginning of the year (audited) |
|--|--|--|
| Current liabilities | | |
| Short-term borrowings | 1,380,000 | 431,649 |
| Derivative financial liabilities | | 9,799 |
| Notes receivable and accounts receivable | 4,091,031 | 5,535,625 |
| Contract Liabilities | 313,395 | 411,796 |
| Employee benefits payable | 266,885 | 123,157 |
| Taxes payable | 3,214,244 | 4,608,232 |
| Other payables | 703,144 | 718,847 |
| Total current liabilities | 9,968,699 | 11,839,105 |
| Non-current liabilities | | |
| Lease liabilities | 74,757 | |
| Deferred revenue | 137,942 | 140,442 |
| Total non-current liabilities | 212,699 | 140,442 |
| Total liabilities | 10,181,398 | 11,979,547 |
| Shareholders equity | | |
| Share capital | 10,823,814 | 10,823,814 |
| Capital surplus | 600,768 | 600,768 |
| Other comprehensive income | 69,768 | 57,135 |
| Specific reserve | 10,390 | 10,389 |
| Surplus reserve | 6,237,171 | 6,237,170 |
| Undistributed profits | 13,047,854 | 12,481,733 |
| Total shareholders equity | 30,789,765 | 30,211,009 |
| Total liabilities and shareholders equity | 40,971,163 | 42,190,556 |

Table of Contents**4.2 CONSOLIDATED INCOME STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019 (Unaudited)***Unit: RMB 000*

| Items | Three months ended 31 March | |
|---|------------------------------------|-------------|
| | 2019 | 2018 |
| Total revenue | 25,136,233 | 25,759,522 |
| Including: Revenue | 25,136,233 | 25,759,522 |
| Total operating cost | 24,583,829 | 23,765,489 |
| Including: Cost of sales | 20,831,769 | 19,769,281 |
| Taxes and surcharges | 2,973,374 | 3,252,945 |
| Selling and distribution expenses | 125,926 | 132,265 |
| General and administrative expenses | 765,507 | 717,657 |
| R&D expenses | 7,085 | |
| Financial expenses | -119,841 | -106,688 |
| Including: Financial expense | 13,572 | 10,209 |
| Financial income | 125,729 | 99,326 |
| Asset impairment losses | | 29 |
| Credit impairment losses | 9 | |
| Add: Other income | 584 | 540 |
| Investment income (- to indicate loss) | 195,291 | 271,384 |
| Including: Share of income of associates and joint ventures | 209,225 | 281,600 |
| Exchange earnings(- to indicate loss) | | |
| Change in fair value gains (- to indicate loss) | -139 | 619 |
| Asset disposal income (- to indicate loss) | -790 | -3,102 |

Table of Contents**CONSOLIDATED INCOME STATEMENTS (CONTINUED)****FOR THE THREE MONTHS ENDED 31 MARCH 2019 (Unaudited)***Unit: RMB 000*

| Items | Three months ended 31 March | |
|--|-----------------------------|-----------|
| | 2019 | 2018 |
| Operating profit (- to indicate loss) | 747,350 | 2,263,474 |
| Add: Non-operating income | 7,361 | 25,937 |
| Add: Non-operating income | 7,032 | 18,205 |
| Total profit (- to indicate loss) | 747,679 | 2,271,206 |
| Less: Income tax expenses | 136,682 | 497,523 |
| Net Profit (- to indicate loss) | 610,997 | 1,773,683 |
| (1) Classification by business continuity | 610,997 | 1,773,683 |
| Profit from continuing operations(- to indicate loss) | 610,997 | 1,773,683 |
| (2) Classification by ownership | 610,997 | 1,773,683 |
| Attributable to equity shareholders of the Company (- to indicate loss) | 610,653 | 1,771,513 |
| Minority interests (- to indicate loss) | 344 | 2,170 |
| Other comprehensive income, net of tax | | |
| Total comprehensive income | 610,997 | 1,773,683 |
| Attributable to equity shareholders of the Company | 610,653 | 1,771,513 |
| Minority interests | 344 | 2,170 |
| Earnings per share | | |
| Basic earnings per share (RMB) | 0.056 | 0.164 |
| Diluted earnings per share (RMB) | 0.056 | 0.164 |

Table of Contents**COMPANY INCOME STATEMENTS****FOR THE THREE MONTHS ENDED 31 MARCH 2019 (Unaudited)***Unit: RMB 000*

| Items | Three months ended 31 March | |
|---|------------------------------------|------------------|
| | 2019 | 2018 |
| Revenue | 19,013,327 | 19,899,990 |
| Less: Cost of sales | 14,794,477 | 13,967,063 |
| Taxes and surcharges | 2,967,040 | 3,246,105 |
| Selling and distribution expenses | 107,155 | 102,739 |
| General and administrative expenses | 741,310 | 679,900 |
| R&D expenses | 5,252 | |
| Financial expenses | -117,357 | -86,066 |
| Including: Financial expense | 7,787 | 3,840 |
| Financial income | -118,221 | -90,889 |
| Asset impairment losses | | 29 |
| Credit impairment losses | 9 | |
| Add: Other income | 574 | 540 |
| Investment income (- to indicate loss) | 186,459 | 268,560 |
| Including: Share of income of associates and joint ventures | 196,779 | 268,560 |
| Asset disposal income (- to indicate loss) | -5,869 | -3,340 |
| Operating profit (- to indicate loss) | 696,605 | 2,255,980 |
| Add: Non-operating income | 1,946 | 2,707 |
| Less: Non-operating expenses | 7,030 | 8,953 |
| Total profit (- to indicate loss) | 691,521 | 2,249,734 |
| Less: Income tax expenses | 125,401 | 493,997 |
| Net Profit (- to indicate loss) | 566,120 | 1,755,737 |
| (1) Profit from continuing operations(- to indicate loss) | 566,120 | 1,755,737 |
| Other comprehensive income, net of tax | | |
| Total comprehensive income | 566,120 | 1,755,737 |
| Earnings per share | | |
| Basic earnings per share (RMB) | 0.052 | 0.162 |
| Diluted earnings per share (RMB) | 0.052 | 0.162 |

Table of Contents**4.3 CONSOLIDATED CASH FLOW STATEMENTS
FOR THE THREE MONTHS ENDED 31 MARCH 2019 (Unaudited)***Unit: RMB 000*

| Items | Three months ended 31 March | |
|---|-----------------------------|-------------------|
| | 2019 | 2018 |
| 1. Cash flows from operating activities | | |
| Cash received from sales of goods or rendering of services | 27,306,858 | 25,213,452 |
| Refund of taxes and surcharges | | 19,539 |
| Cash received relating to other operating activities | 6,015 | 25,825 |
| Sub-total of cash inflows | 27,312,873 | 25,258,816 |
| Cash paid for goods and services | 23,266,199 | 19,239,624 |
| Cash paid to and on behalf of employees | 572,139 | 663,888 |
| Payments of taxes and surcharges | 4,385,444 | 3,584,166 |
| Cash paid relating to other operating activities | 178,799 | 135,871 |
| Sub-total of cash outflows | 28,402,581 | 23,623,549 |
| Net cash flows (used in)/ generated from operating activities | -1,089,708 | 1,635,267 |
| 2. Cash flows from investing activities | | |
| Cash received from entrusted lending | 200,000 | 12,000 |
| Cash received from returns on investments | | -2,775 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 4,815 | 6,760 |
| Cash received relating to other investing activities | 800,215 | 959,290 |
| Sub-total of cash inflows | 1,005,030 | 975,275 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | 293,828 | 198,388 |
| Cash paid to entrusted lending | | 7,919 |
| Cash paid to other related investment activities | 504,396 | 1,000,000 |
| Sub-total of cash outflows | 798,224 | 1,206,307 |
| Net cash flows generated from/(used in) operating activities. | 206,806 | -231,032 |

Table of Contents**CONSOLIDATED CASH FLOW STATEMENTS (CONTINUED)****FOR THE THREE MONTHS ENDED 31 MARCH 2019 (Unaudited)***Unit: RMB 000*

| Items | Three months ended 31 March | |
|--|------------------------------------|-------------|
| | 2019 | 2018 |
| 3. Cash flows from financing activities | | |
| Cash received from the investment | | 38,102 |
| Cash received from borrowings | 1,897,500 | 544,100 |
| Cash received from other fund-raising activities | | |
| Sub-total of cash inflows | 1,897,500 | 582,202 |
| Cash repayments of borrowings | 972,825 | 85,057 |
| Cash paid for distribution of dividends or profits and interest expenses | 10,812 | 10,397 |
| Cash paid for other fund-raising activities | 89 | |
| Sub-total of cash outflows | 983,726 | 95,454 |
| Net cash flows generated from financing activities | 913,774 | 486,748 |
| 4. Effect of foreign exchange rate changes on cash and cash equivalents | -1,719 | -3,881 |
| 5. Net increase in cash and cash equivalents | 29,153 | 1,887,102 |
| Add: Cash and cash equivalents at beginning of the period | 8,241,893 | 7,504,266 |
| 6. Cash and cash equivalents at end of the period | 8,271,046 | 9,391,368 |

Table of Contents**CASH FLOW STATEMENTS****FOR THE THREE MONTHS ENDED 31 MARCH 2019 (Unaudited)***Unit: RMB 000*

| Items | Three months ended 31 March | |
|---|------------------------------------|-------------------|
| | 2019 | 2018 |
| 1. Cash flows from operating activities | | |
| Cash received from sales of goods or rendering of services | 20,789,805 | 20,679,457 |
| Cash received relating to other operating activities | 8,694 | 747 |
| Sub-total of cash inflows | 20,798,499 | 20,680,204 |
| Cash paid for goods and services | 16,812,058 | 14,673,758 |
| Cash paid to and on behalf of employees | 535,445 | 528,713 |
| Payments of taxes and surcharges | 4,311,964 | 3,575,669 |
| Cash paid relating to other operating activities | 116,469 | 498,031 |
| Sub-total of cash outflows | 21,775,936 | 19,276,171 |
| Net cash flows (used in)/ generated from operating activities | -977,437 | 1,404,033 |
| 2. Cash flows from investing activities | | |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 4,672 | 1,412 |
| Cash received relating to other investing activities | 785,005 | 1,070,583 |
| Sub-total of cash inflows | 789,677 | 1,071,995 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | 290,527 | 198,328 |
| Cash paid to investment activities | | |
| Cash paid to other related investment activities | 500,000 | 1,000,000 |
| Sub-total of cash outflows | 790,527 | 1,198,328 |
| Net cash flows used in investing activities | -850 | -126,333 |

Table of Contents**CASH FLOW STATEMENTS (CONTINUED)****FOR THE THREE MONTHS ENDED 31 MARCH 2019 (Unaudited)***Unit: RMB 000*

| Items | Three months ended 31 March | |
|--|-----------------------------|-----------|
| | 2019 | 2018 |
| 3. Cash flows from financing activities | | |
| Cash received from the investment | | 54,164 |
| Cash received from borrowings | 1,880,000 | 500,000 |
| Sub-total of cash inflows | 1,880,000 | 554,164 |
| Cash repayments of borrowings | 934,725 | 18,000 |
| Cash paid for distribution of dividends or profits and interest expenses | 10,204 | 3,955 |
| Sub-total of cash outflows | 944,929 | 21,955 |
| Net cash flows generated from financing activities | 935,071 | 532,209 |
| 4. Effect of foreign exchange rate changes on cash and cash equivalents | | |
| 5. Net increase in cash and cash equivalents | -43,216 | 1,809,909 |
| Add: Cash and cash equivalents at beginning of the period | 7,119,013 | 6,268,493 |
| 6. Cash and cash equivalents at end of the period | 7,075,797 | 8,078,402 |

Table of Contents**4.4 First Implementation of The New Financial Instruments Standards, New Revenue Standards, New Lease Standards to Adjust Related Items in The Financial Statements at the Beginning of the Year of First Implementation****CONSOLIDATED BALANCE SHEETS***Unit: RMB 000*

| Items | 31 Dec 2018 | 1 Jan 2019 | Adjusted Data |
|--|------------------------|-------------------|----------------------|
| Current assets | | | |
| Cash at bank and on hand | 10,241,893 | 10,241,893 | |
| Trading financial assets | 2,719,811 | 2,719,811 | |
| Derivative financial assets | 7,468 | 7,468 | |
| Notes receivable and accounts receivable | 3,970,245 | 3,970,245 | |
| Including: Notes receivable | 789,103 | 789,103 | |
| Accounts receivable | 3,181,142 | 3,181,142 | |
| Advances to suppliers | 72,968 | 72,860 | -108 |
| Other receivables | 108,986 | 108,986 | |
| Inventories | 8,120,875 | 8,120,875 | |
| Assets classified as held for sale | 24,331 | 24,331 | |
| Other current assets | 32,299 | 32,299 | |
| Total current assets | 25,298,876 | 25,298,768 | -108 |
| Non-current assets | | | |
| Long-term equity investments | 4,657,133 | 4,657,133 | |
| Investment properties | 376,739 | 376,739 | |
| Fixed assets | 11,670,453 | 11,670,453 | |
| Construction in progress | 1,559,401 | 1,559,401 | |
| Right-of-use assets | | 76,741 | 76,741 |
| Intangible assets | 355,594 | 355,594 | |
| Long-term prepaid expenses | 502,689 | 502,689 | |
| Deferred tax assets | 119,075 | 119,075 | |
| Total non-current assets | 19,241,084 | 19,317,825 | 76,741 |
| Total assets | 44,539,960 | 44,616,593 | 76,633 |

Table of Contents**CONSOLIDATED BALANCE SHEETS (CONTINUED)***Unit: RMB 000*

| Items | 31 Dec 2018 | 1 Jan 2019 | Adjusted Data |
|--|------------------------|-------------------|----------------------|
| Current liabilities | | | |
| Short-term borrowings | 497,249 | 497,249 | |
| Derivative financial liabilities | 11,005 | 11,005 | |
| Notes payable and accounts payable | 7,394,383 | 7,394,383 | |
| Employee benefits payable | 128,861 | 128,861 | |
| Taxes payable | 4,642,692 | 4,642,692 | |
| Other payables | 785,260 | 785,260 | |
| Contract Liabilities | 453,564 | 453,564 | |
| Total current liabilities | 13,913,014 | 13,913,014 | |
| Non-current liabilities | | | |
| Lease liabilities | | 76,633 | 76,633 |
| Deferred revenue | 140,442 | 140,442 | |
| Total non-current liabilities | 140,442 | 217,075 | 76,633 |
| Total liabilities | 14,053,456 | 14,130,089 | 76,633 |
| Shareholders equity | | | |
| Share capital | 10,823,814 | 10,823,814 | |
| Capital surplus | 610,327 | 610,327 | |
| Other comprehensive income | 10,389 | 10,389 | |
| Surplus reserve | 57,135 | 57,135 | |
| Specific reserve | 6,237,170 | 6,237,170 | |
| Undistributed profits | 12,631,291 | 12,631,291 | |
| Total equity attributable to equity shareholders of the Company | 30,370,126 | 30,370,126 | |
| Minority interests | 116,378 | 116,378 | |
| Total shareholders equity | 30,486,504 | 30,486,504 | |
| Total liabilities and shareholders equity | 44,539,960 | 44,616,593 | 76,633 |

Table of Contents**COMPANY BALANCE SHEETS***Unit: RMB 000*

| Items | 31 Dec 2018 | 1 Jan 2019 | Adjusted Data |
|--|------------------------|-------------------|----------------------|
| Current assets | | | |
| Cash at bank and on hand | 9,119,013 | 9,119,013 | |
| Trading financial assets | 2,519,100 | 2,519,100 | |
| Derivative financial assets | 6,953 | 6,953 | |
| Notes receivable and accounts receivable | 2,768,008 | 2,768,008 | |
| Including: Notes receivable | 714,599 | 714,599 | |
| Accounts receivable | 2,053,409 | 2,053,409 | |
| Advances to suppliers | 68,934 | 68,826 | -108 |
| Other receivables | 96,182 | 96,182 | |
| Inventories | 7,500,683 | 7,500,683 | |
| Total current assets | 22,078,873 | 22,078,765 | -108 |
| Non-current assets | | | |
| Long-term equity investments | 5,762,327 | 5,762,327 | |
| Investment properties | 408,366 | 408,366 | |
| Fixed assets | 11,459,333 | 11,459,333 | |
| Construction in progress | 1,559,401 | 1,559,401 | |
| Right-of-use assets | | 74,111 | 74,111 |
| Intangible assets | 319,877 | 319,877 | |
| Long-term prepaid expenses | 493,242 | 493,242 | |
| Deferred tax assets | 109,137 | 109,137 | |
| Total non-current assets | 20,111,683 | 20,185,794 | 74,111 |
| Total assets | 42,190,556 | 42,264,559 | 74,003 |

Table of Contents**COMPANY BALANCE SHEETS (CONTINUED)***Unit: RMB 000*

| Items | 31 Dec 2018 | 1 Jan 2019 | Adjusted Data |
|--|------------------------|-------------------|----------------------|
| Current liabilities | | | |
| Short-term borrowings | 431,649 | 431,649 | |
| Derivative financial liabilities | 9,799 | 9,799 | |
| Notes payable and accounts payable | 5,535,625 | 5,535,625 | |
| Contract Liabilities | 411,796 | 411,796 | |
| Employee benefits payable | 123,157 | 123,157 | |
| Taxes payable | 4,608,232 | 4,608,232 | |
| Other payables | 718,847 | 718,847 | |
| Total current liabilities | 11,839,105 | 11,839,105 | |
| Non-current liabilities | | | |
| Lease liabilities | | 74,003 | 74,003 |
| Deferred revenue | 140,442 | 140,442 | |
| Total non-current liabilities | 140,442 | 214,445 | 74,003 |
| Total liabilities | 11,979,547 | 12,053,550 | 74,003 |
| Shareholders equity | | | |
| Share capital | 10,823,814 | 10,823,814 | |
| Capital surplus | 600,768 | 600,768 | |
| Other comprehensive income | 10,389 | 10,389 | |
| Specific reserve | 57,135 | 57,135 | |
| Surplus reserve | 6,237,170 | 6,237,170 | |
| Undistributed profits | 12,481,733 | 12,481,733 | |
| Total shareholders equity | 30,211,009 | 30,211,009 | |
| Total liabilities and shareholders equity | 42,190,556 | 42,264,559 | 74,003 |

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4.5 Description of the First-Time Implementation of The New Financial Instrument Standards, Income Standard and New Leases Standards, Retrospective Adjustment of the Previous Data Comparison

The company has implemented the new leases standards since January 1, 2019, and has adjusted the first-time implementation of the financial statement related items at the beginning of the year, and has not retrospectively adjusted the comparative financial statements.

By Order of the Board

Sinopec Shanghai Petrochemical Company Limited

Guo Xiaojun

Joint Company Secretary

Shanghai, the PRC, 25 April 2019