



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: 338)

2008 First 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 The board of directors (the “Board”) and Supervisory Committee of Sinopec Shanghai Petrochemical Company Limited (the “Company” or “SPC”) as well as its directors, supervisors and senior management warrant that there are no false representations, or misleading statements contained in, or material omissions from this report, and severally and jointly accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this report.
- 1.2 All of the Company’s directors attended the Board meeting.
- 1.3 The financial statements of the Company’s first quarterly report were unaudited.
- 1.4 Mr. Rong Guangdao, Chairman and President of the Company, Mr. Han Zhihao, Executive Director and Chief Financial Officer overseeing the accounting operations and Mr. Zhou Meiyun, Finance Manager (Accounting Chief) hereby warrant the truthfulness and completeness of the financial report contained in this report.

§2 BASIC INFORMATION OF THE COMPANY

2.1 Major Accounting Data and Financial Indicators

	As at the end of the reporting period	As at the end of the previous year	<i>Currency: RMB</i> Increase/ (decrease) as compared to the end of the previous year (%)
Total assets ('000)	30,331,685	30,494,334	-0.53
Shareholders' equity (excluding minority interests) ('000)	20,607,967	20,999,444	-1.86
Net asset value per share attributable to equity holders of the Company (RMB)	2.862	2.917	-1.89
		From the beginning of the year to the end of the reporting period	Increase/ (decrease) as compared to the corresponding period of the previous year (%)
Net cash flow from operating activities ('000)		199,980	-74.53
Net cash flow per share from operating activities (RMB)		0.028	-74.53
	The reporting period	From the beginning of the year to the end of the reporting period	Increase/ (decrease) as compared to the corresponding period of the previous year (%)
Net losses attributable to equity shareholders of the Company ('000)	-200,362	-200,362	—
Basic losses per share (RMB)	-0.028	-0.028	—
Basic losses per share excluding non-recurring items (RMB)	-0.075	-0.075	—
Diluted losses per share (RMB)	-0.028	-0.028	—
Return on net assets (fully diluted) (%)	-0.972	-0.972	decrease 6.174 percentage points
Return on net assets based on net losses excluding non-recurring items (%)	-2.618	-2.618	decrease 7.945 percentage points

Non-recurring items	From the beginning of the year to the end of the reporting period ('000)
Gain from disposal of non-current assets	134,693
Subsidy income	247,280
Employee reduction expenses	(7,833)
Net expenses of non-operating income/(expenses) other than those mentioned above	<u>(4,441)</u>
Subtotal:	369,699
Less: Tax effect for the above items	<u>(30,605)</u>
Total	<u><u>339,094</u></u>

2.2 Number of shareholders at the end of the reporting period and shareholdings of the top ten holders of circulating shares (State share reform not yet completed)

Unit: Share

Total number of shareholders as at the end of the reporting period 189,291

Shareholdings of the top ten holders of circulating shares

Name of shareholders (in full)	Number of shares in circulation held at the end of the reporting period	Type of shares
HKSCC (Nominees) Ltd. (香港中央結算(代理人)公司)	2,303,780,101	Overseas listed foreign shares
China Minsheng Banking Corp., Ltd. — Orient Selected Mixed Open-end Securities Investment Fund (中國民生銀行股份有限公司—東方精選混合型開放式證券投資基金)	67,632,191	RMB-denominated ordinary shares
Bank of China - Harvest Shanghai Shenzhen 300 Index Securities Investment Fund (中國銀行—嘉實滬深300指數證券投資基金)	6,219,376	RMB-denominated ordinary shares
China Construction Bank — Boshi Yufu Securities Investment Fund (中國建設銀行—博時裕富證券投資基金)	3,394,080	RMB-denominated ordinary shares
Shanghai Jinfa Trading Co., Ltd. (上海駿發貿易有限公司)	2,350,000	RMB-denominated ordinary shares
Shenyin & Wanguo Securities Co., Ltd. (申銀萬國證券股份有限公司)	2,000,000	RMB-denominated ordinary shares
Bank of China — Wanjia 180 Index Fund (中國銀行—萬家180指數證券投資基金)	1,757,774	RMB-denominated ordinary shares
Agricultural Bank of China - Dacheng Shanghai Shenzhen 300 Index Securities Investment Fund (中國農業銀行—大成滬深300指數證券投資基金)	1,647,108	RMB-denominated ordinary shares
Wang Rongan (王榮安)	1,571,518	RMB-denominated ordinary shares
Shenzhen Liankang Industrial Development Co., Ltd. (深圳市聯康實業發展有限公司)	1,320,000	RMB-denominated ordinary shares

§3 IMPORTANT ITEMS

3.1 Situation and reasons for the significant changes in the items of accounting statements, financial indicators of the Company

(Detailed information and explanation for financial statement items with changes of over 30% during the reporting period and account for 5% of the total assets of the Group at the reporting date or over 10% of the total profit during the reporting period)

Unit: RMB'000

Item	For the three months ended 31 March		Increase/ decrease amount	Change (%)	Reasons for change
	2008	2007			
Operating (losses)/profit	(434,074)	1,262,362	-1,696,436	—	Substantial increase in crude oil prices
(Losses)/profit before income tax	(188,598)	1,239,892	-1,428,490	—	Substantial increase in crude oil prices
Net (losses)/profit	(202,485)	1,079,147	-1,281,632	—	Substantial increase in crude oil prices
Net (losses)/profit attributable to shareholders of the Company	(200,362)	1,065,871	-1,266,233	—	Substantial increase in crude oil prices
Operating costs	15,867,028	11,123,462	4,743,566	42.64	Substantial increase in crude oil prices
Non-operating income	262,290	3,996	258,294	6,463.81	RMB247.28 million of subsidies received in the first quarter
Income tax	13,887	160,745	-146,858	-91.36	Substantial decrease in profit before income tax

3.2 Warning and explanation on projection of possible loss or material year-on-year change in the net profit from the beginning of the year to the end of the next reporting period

In the first quarter of 2008, the Group was affected by factors such as material increases in crude oil processing costs and a mismatch thereof with petroleum product prices, thereby reporting an operating loss for the first quarter of 2008. Accordingly, it is estimated that the Group's overall results for the period ending at 30 June 2008 will report a substantial decrease (For the six months ended 30 June 2007, the Group's net profit attributable to the Company's shareholders under China Accounting Standards for Business Enterprises amounted to RMB1,751,897,000).

3.3 Securities investments

Unit: RMB

No.	Stock code	Abbreviation	Number of shares held (shares)	Initial investment cost	Book value as at the end of the reporting period	Book value as at the beginning of the reporting period	Account category
1	600837	HTSEC	4,952,049	11,164,000.00	135,206,375.41	223,353,756.47	Available-for-sale financial assets
2	600000	SPDB	1,800,000	1,318,031.15	63,720,000.00	211,200,000.00	Available-for-sale financial assets
3	600527	JNGX	1,989,018	898,381.94	23,052,718.62	44,238,994.80	Available-for-sale financial assets
Total				<u>13,380,413.09</u>	<u>221,979,094.03</u>	<u>478,792,751.27</u>	

§4 APPENDIX

4.1 Balance Sheet 31 March 2008

Item	RMB'000 (Unaudited)			
	Group		Company	
	At the end of the reporting period	At the beginning of the year	At the end of the reporting period	At the beginning of the year
Current assets				
Cash at bank and on hand	809,250	893,165	456,891	634,533
Bills receivable	1,349,926	1,800,856	1,184,124	1,669,202
Trade debtors	608,103	563,093	470,343	420,734
Advance payments	184,557	123,939	169,139	105,211
Other receivables	147,585	254,420	171,276	213,481
Inventories	<u>6,181,680</u>	<u>5,197,849</u>	<u>5,728,681</u>	<u>4,780,473</u>
Total current assets	<u>9,281,101</u>	<u>8,833,322</u>	<u>8,180,454</u>	<u>7,823,634</u>
Non-current assets				
Available-for-sale financial assets	221,979	478,793	198,926	434,554
Long-term equity investments	3,620,297	3,543,769	5,152,074	5,081,193
Investment property	509,433	512,793	565,595	569,326
Fixed assets	14,853,394	15,259,283	13,394,471	13,753,579
Construction in progress	974,611	965,463	949,135	940,491
Intangible assets	592,842	597,897	457,433	460,638
Long-term deferred expenses	150,483	173,807	144,665	167,582
Deferred tax assets	<u>127,545</u>	<u>129,207</u>	<u>126,519</u>	<u>126,519</u>
Total non-current assets	<u>21,050,584</u>	<u>21,661,012</u>	<u>20,988,818</u>	<u>21,533,882</u>
Total assets	<u>30,331,685</u>	<u>30,494,334</u>	<u>29,169,272</u>	<u>29,357,516</u>
Current liabilities				
Short-term loans	3,488,343	3,672,942	3,160,043	3,289,642
Bills payable	1,109,012	300,575	1,101,190	285,594
Trade creditors	1,933,135	1,913,118	1,406,776	1,797,640
Receipts in advance	388,691	429,516	307,975	397,112
Employee benefits payable	27,994	85,651	18,972	68,212
Taxes payable	(54,835)	70,533	(57,832)	46,333
Interest payable	9,278	11,796	9,278	11,796
Other payables	1,133,164	1,236,529	1,783,824	1,585,040
Current portion of non-current liabilities	<u>499,930</u>	<u>419,027</u>	<u>350,000</u>	<u>259,097</u>
Total current liabilities	<u>8,534,712</u>	<u>8,139,687</u>	<u>8,080,226</u>	<u>7,740,466</u>

Item	Group		Company	
	At the end of the reporting period	At the beginning of the year	At the end of the reporting period	At the beginning of the year
Non-current liabilities				
Long-term loans	539,289	639,289	350,000	450,000
Deferred tax liabilities	85,746	150,170	77,963	137,186
Other non-current liabilities	<u>264,912</u>	<u>261,753</u>	<u>264,912</u>	<u>261,753</u>
Total non-current liabilities	<u>889,947</u>	<u>1,051,212</u>	<u>692,875</u>	<u>848,939</u>
Total liabilities	<u>9,424,659</u>	<u>9,190,899</u>	<u>8,773,101</u>	<u>8,589,405</u>
Shareholders' equity				
Share capital	7,200,000	7,200,000	7,200,000	7,200,000
Capital reserve	3,012,727	3,203,842	2,996,111	3,171,623
Surplus reserve	4,766,408	4,766,408	4,766,408	4,766,408
Retained earnings	<u>5,628,832</u>	<u>5,829,194</u>	<u>5,433,652</u>	<u>5,630,080</u>
Total equity attributable to shareholders of the Company	20,607,967	20,999,444	20,396,171	20,768,111
Minority interests	<u>299,059</u>	<u>303,991</u>	<u>—</u>	<u>—</u>
Total equity	<u>20,907,026</u>	<u>21,303,435</u>	<u>20,396,171</u>	<u>20,768,111</u>
Total liabilities and shareholders' equity	<u>30,331,685</u>	<u>30,494,334</u>	<u>29,169,272</u>	<u>29,357,516</u>

4.2 **Income Statements**
January to March 2008

Item	Group		Company	
	The reporting period	Corresponding period of the previous year	The reporting period	Corresponding period of the previous year
	<i>RMB'000 (Unaudited)</i>			
Operating income	16,020,326	12,844,301	14,878,925	11,425,748
Less: Operating costs	15,867,028	11,123,462	14,800,370	9,814,781
Business taxes and surcharges	205,277	184,368	202,610	181,851
Selling and distribution expenses	133,249	112,775	110,411	88,332
General and administrative expenses	397,588	336,900	353,672	291,936
Financial expenses	59,841	51,021	46,476	42,774
Impairment loss	—	(49)	—	—
Add: Investment income	208,583	226,538	192,877	231,441
Including: income from investment in associates and jointly controlled enterprises	76,527	234,197	68,698	229,618
Operating (losses)/profit	(434,074)	1,262,362	(441,737)	1,237,515
Add: Non-operating income	262,290	3,996	261,190	3,002
Less: Non-operating expenses	16,814	26,466	16,600	18,358
Including: Loss from disposal of non-current assets	1	5,091	—	3,623
(Losses)/Profit before income tax	(188,598)	1,239,892	(197,147)	1,222,159
Less: Income tax	13,887	160,745	(719)	148,692
Net (losses)/profit	<u>(202,485)</u>	<u>1,079,147</u>	<u>(196,428)</u>	<u>1,073,467</u>
Net (losses)/profit attributable to equity shareholders of the Company	(200,362)	1,065,871	—	—
Minority shareholders	<u>(2,123)</u>	<u>13,276</u>	<u>—</u>	<u>—</u>
Basic and diluted (losses)/earnings per share	<u>(0.028)</u>	<u>0.148</u>	<u>—</u>	<u>—</u>

Note: After the Group and the Company disclosed the 2007 first quarterly report, stipulations and explanations regarding Accounting Standards for Business Enterprises (2006) (including “China Accounting Standards Bulletin No. 1” and opinions from the expert taskforce on the implementation of Accounting Standards for Business Enterprises) were successively promulgated. In preparing the 2008 first quarterly report, the Group and the Company complied with the stipulations and explanations subsequently promulgated, as well as reviewing and retroactively adjusting the consolidated income statement and the income statement for the three months ended 31 March 2007 (primarily contribution and sales of fixed assets to a jointly controlled entity). Such retroactive adjustments led to an RMB657,000 increase in the Group’s and the Company’s net profit attributable to equity holders of the Company for the three months ended 31 March 2007.

4.3 Cash Flow Statements
January to March 2008

Item	<i>RMB'000 (Unaudited)</i>			
	Group		Company	
	The reporting period	Corresponding period of the previous year	The reporting period	Corresponding period of the previous year
Cash flows from operating activities:				
Cash received from sale of goods and rendering of services	19,315,726	14,372,652	17,742,922	12,660,917
Other cash received relating to operating activities	<u>351,052</u>	<u>15,928</u>	<u>349,963</u>	<u>13,755</u>
Sub-total of cash inflows from operating activities	<u>19,666,778</u>	<u>14,388,580</u>	<u>18,092,885</u>	<u>12,674,672</u>
Cash paid for goods and services	(18,724,527)	(12,831,488)	(17,416,621)	(11,214,278)
Cash paid to and for employees	(452,843)	(372,424)	(367,668)	(313,994)
Cash paid for all types of taxes	(233,735)	(329,836)	(208,470)	(313,198)
Other cash paid relating to operating activities	<u>(55,693)</u>	<u>(69,613)</u>	<u>(37,518)</u>	<u>(54,583)</u>
Sub-total of cash outflows from operating activities	<u>(19,466,798)</u>	<u>(13,603,361)</u>	<u>(18,030,277)</u>	<u>(11,896,053)</u>
Net cash inflow from operating activities	<u>199,980</u>	<u>785,219</u>	<u>62,608</u>	<u>778,619</u>
Cash flows from investing activities:				
Cash received from disposal of investments	154,281	4,188	120,001	4,188
Cash received from investment income	—	2,142	—	1,824
Cash received from disposal of fixed assets and intangible assets	2,882	32,292	2,740	1,446
Other cash received relating to investing activities	<u>18,324</u>	<u>7,266</u>	<u>16,442</u>	<u>3,496</u>
Sub-total of cash inflows from investing activities	<u>175,487</u>	<u>45,888</u>	<u>139,183</u>	<u>10,954</u>
Cash paid for acquisition of fixed assets and intangible assets	<u>(171,719)</u>	<u>(266,422)</u>	<u>(171,126)</u>	<u>(221,163)</u>
Sub-total of cash outflows from investing activities	<u>(171,719)</u>	<u>(266,422)</u>	<u>(171,126)</u>	<u>(221,163)</u>
Net cash flows from investing activities	<u>3,768</u>	<u>(220,534)</u>	<u>(31,943)</u>	<u>(210,209)</u>

<u>Item</u>	<u>Group</u>		<u>Company</u>	
	<u>The reporting period</u>	<u>Corresponding period of the previous year</u>	<u>The reporting period</u>	<u>Corresponding period of the previous year</u>
Cash flows from financing activities:				
Proceeds from borrowings	<u>6,137,514</u>	<u>3,284,649</u>	<u>6,057,514</u>	<u>3,150,446</u>
Sub-total of cash inflows from financing activities	<u>6,137,514</u>	<u>3,284,649</u>	<u>6,057,514</u>	<u>3,150,446</u>
Repayment of borrowings	<u>(6,304,352)</u>	<u>(3,651,251)</u>	<u>(6,160,107)</u>	<u>(3,597,437)</u>
Cash paid for interest	<u>(120,196)</u>	<u>(53,092)</u>	<u>(105,198)</u>	<u>(44,906)</u>
Sub-total of cash outflows from financing activities	<u>(6,424,548)</u>	<u>(3,704,343)</u>	<u>(6,265,305)</u>	<u>(3,642,343)</u>
Net cash outflow from financing activities	<u>(287,034)</u>	<u>(419,694)</u>	<u>(207,791)</u>	<u>(491,897)</u>
Effect of foreign exchange rate changes on cash and cash equivalents	<u>(629)</u>	<u>(849)</u>	<u>(516)</u>	<u>(14)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(83,915)</u>	<u>144,142</u>	<u>(177,642)</u>	<u>76,499</u>
Add: Cash and cash equivalents at the beginning of the period	<u>893,165</u>	<u>894,650</u>	<u>634,533</u>	<u>551,693</u>
Cash and cash equivalents at the end of the period	<u>809,250</u>	<u>1,038,792</u>	<u>456,891</u>	<u>628,192</u>

Legal representative of the Company: Mr. Rong Guangdao, Chairman and President
Officer overseeing accounting operations: Mr. Han Zhihao, Executive Director and Chief Financial Officer
Accounting chief: Mr. Zhou Meiyun

By order of the Board
Rong Guangdao
Chairman

Shanghai, the PRC, 25 April 2008

As at the date of this announcement, the executive directors of the Company are Rong Guangdao, Du Chongjun, Han Zhihao, Shi Wei, Li Honggen and Dai Jinbao; 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.