



**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 Third Quarterly Report**

This announcement is published simultaneously in Shanghai and Hong Kong. This announcement is published pursuant to the Rules Governing Listing of Stocks on Shanghai Stock Exchange in the People's Republic of China and pursuant to the disclosure obligations under Rule 13.09 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 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 approving this report.
- 1.3 The financial statements of the Company's third 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

	<b>As at the end of the reporting period (30 September 2008)</b>	<b>As at the end of the previous year (31 December 2007)</b>	<i>Currency: RMB</i> <b>Increase/ (decrease) as compared to the end of the previous year (%)</b>
Total assets ('000)	31,243,794	30,494,334	2.46
Shareholders' equity (excluding minority interests) ('000)	17,511,093	20,999,444	-16.61
Net asset value per share attributable to equity shareholders of the Company (RMB)	2.432	2.917	-16.63
		<b>From the beginning of the year to the end of the reporting period (January 2008 - September 2008)</b>	<b>Increase/ (decrease) as compared to the corresponding period of the previous year (%)</b>
Net cash flow from operating activities ('000)		(3,289,825)	-262.99
Net cash flow per share from operating activities (RMB)		(0.457)	-263.21

	<b>The reporting period (July 2008 - September 2008)</b>	<b>From the beginning of the year to the end of the reporting period (January 2008 - September 2008)</b>	<b>Increase/ (decrease) as compared to the corresponding reporting period (July-September) of the previous year (%)</b>
Net loss attributable to equity shareholders of the Company (‘000)	(2,306,500)	(2,679,272)	—
Basic loss per share (RMB)	(0.320)	(0.372)	—
Basic loss per share excluding non-recurring items (RMB)	—	(0.613)	—
Diluted loss per share (RMB)	(0.320)	(0.372)	—
Fully diluted return on net assets (%)	-13.172	-15.300	12.723 percentage points decrease
Fully diluted return on net assets excluding non-recurring items (%)	-15.746	-25.203	14.818 percentage points decrease
<b>Non-recurring items</b>		<b>From the beginning of the year to the end of the reporting period (January 2008 to September 2008)</b>	<b>(‘000)</b>
		<b>Excluding method: By item</b>	
Gain from disposal of non-current assets			138,463
Subsidy income			2,231,557
Employee reduction expenses			(39,984)
Net expenses of non-operating income/(expenses) other than those mentioned above			(18,020)
Less: Tax effect for the above items			<u>(578,004)</u>
Total			<u>1,734,012</u>

## 2.2 Number of shareholders at the end of the reporting period and shareholdings of the top ten holders of circulating shares

*Unit: Share*

Total number of shareholders as at the end of the reporting period 162,660

### 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)	2,301,172,101	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)	76,221,220	RMB-denominated ordinary shares
Agricultural Bank of China — Zhongyou Core Growth Equity Securities Investment Fund (中國農業銀行—中郵核心優選股票型證券投資基金)	13,166,599	RMB-denominated ordinary shares
China Construction Bank — CIFM China Advantage Fund (中國建設銀行—上投摩根中國優勢證券投資基金)	11,814,593	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)	7,085,057	RMB-denominated ordinary shares
Yip Chok Chiu	3,150,000	Overseas listed foreign 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)	2,812,155	RMB-denominated ordinary shares
Shanghai Junfa Trading Co., Ltd. (上海駿發貿易有限公司)	2,350,000	RMB-denominated ordinary shares
Guotai Junan — China Construction Bank — Hong Kong and Shanghai Banking Corp., Ltd. (國泰君安—建行—香港上海滙豐銀行有 限公司)	2,005,147	RMB-denominated ordinary shares
Chen Jia (陳佳)	3,150,000	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

- i) Analysis of reasons for the substantial changes in balance sheet items of the Group (the Company and its subsidiaries) as at the end of the reporting period:

*Unit: RMB'000*

<b>Item</b>	<b>As at 30 September 2008</b>	<b>As at 31 December 2007</b>	<b>Increase amount</b>	<b>Change (%)</b>	<b>Reasons for change</b>
Inventories	7,006,917	5,197,849	1,809,068	34.80	Substantial increase in crude oil prices
Short-term loans	7,812,570	3,672,942	4,139,628	112.71	As the Company incurred a substantial loss, it increased its short-term loans for operating capital purpose

ii) Analysis of reasons for the substantial changes in income statement items of the Group from January 2008 to September 2008:

*Unit: RMB'000*

Item	For the nine-month period ended 30 September		Increase/ (decrease) amount	Change (%)	Reasons for change
	2008	2007			
Operating (loss)/profit	(5,709,625)	2,290,516	(8,000,141)	-349.27	Substantial increase in crude oil costs and prices of refined oil products were seriously inverted
(Loss)/profit before income tax	(3,487,975)	2,230,171	(5,718,146)	-256.40	
Net (loss)/profit	(2,644,990)	1,707,106	(4,352,096)	-254.94	
Net (loss)/profit attributable to equity shareholders of the Company	(2,679,272)	1,664,225	(4,343,497)	-260.99	
Operating costs	52,969,122	36,031,006	16,938,116	47.01	Substantial increase in crude oil costs
Business taxes and surcharges	759,090	521,144	237,946	45.66	During the reporting period of 2008, increase in sales of gasoline and diesel resulted in an increase of business taxes and surcharges
Non-operating income	2,253,760	19,843	2,233,917	11,257.96	Significant loss in the oil refining operation resulted in an increase in financial subsidies from the State
Income tax	(842,985)	523,065	(1,366,050)	-261.16	Substantial decrease in profit before income tax

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

From January 2008 to July 2008, the crude oil costs of the Company surged substantially as international crude oil prices soared continuously. Prices of refined oil products and crude oil were seriously inverted as a result of the Government's stringent control over the domestic prices of refined oil products, which led to a severe loss in the Company's oil refining operation. Since July 2008, following the rapid drop in international crude oil prices coupled with the worsening impact of the international financial crisis on the industry, consumption and market demand for downstream petrochemical products had dropped, which led to a substantial decline in the prices of petrochemical products. It takes time for the Company to absorb the cost of the crude oil and intermediate raw materials which it had purchased at high prices. At the same time, the Group received a substantially reduced amount of financial subsidies for its oil refining operation during the third quarter of the year, and at present, the Company is not aware of whether it will continue to receive financial subsidies for its oil refining operation in the fourth quarter of the year. In view of the above, the Company expects the Group to incur a significant loss in net profit for the twelve-month period ending 31 December 2008.

### 3.3 Securities investments

*Unit: RMB'000*

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 year	Account category
1	600837	HTSEC	9,904,098	11,164	213,631	223,354	Available-for-sale financial assets
2	600000	SPDB	2,340,000	1,318	36,551	211,200	Available-for-sale financial assets
3	600527	JNGX	2,983,527	898	11,844	44,239	Available-for-sale financial assets
Total				<u>13,380</u>	<u>262,026</u>	<u>478,793</u>	

## 4 APPENDIX

### 4.1 Consolidated Balance Sheet (*Unaudited*)

As at 30 September 2008

*Prepared under the China Accounting Standards for Business Enterprises (2006)*

	As at 30 September 2008 RMB'000 (Unaudited)	As at 31 December 2007 RMB'000 (Audited)
<b>Assets</b>		
<b>Current assets</b>		
Cash at bank and on hand	715,976	893,165
Bills receivable	881,327	1,800,856
Trade debtors	921,957	563,093
Advance payments	168,432	123,939
Other receivables	304,710	254,420
Inventories	<u>7,006,917</u>	<u>5,197,849</u>
<b>Total current assets</b>	<u>9,999,319</u>	<u>8,833,322</u>
<b>Non-current assets</b>		
Available-for-sale financial assets	262,026	478,793
Long-term equity investments	3,144,572	3,543,769
Investment property	502,713	512,793
Fixed assets	14,236,609	15,259,283
Construction in progress	1,341,164	965,463
Intangible assets	582,511	597,897
Long-term deferred expenses	150,029	173,807
Deferred tax assets	<u>1,024,851</u>	<u>129,207</u>
<b>Total non-current assets</b>	<u>21,244,475</u>	<u>21,661,012</u>
<b>Total assets</b>	<u>31,243,794</u>	<u>30,494,334</u>

	As at 30 September 2008 RMB'000 (Unaudited)	As at 31 December 2007 RMB'000 (Audited)
<b>Liabilities and shareholders' equity</b>		
<b>Current liabilities</b>		
Short-term loans	7,812,570	3,672,942
Bills payable	652,460	300,575
Trade creditors	2,210,362	1,913,118
Receipts in advance	546,460	429,516
Employee benefits payable	26,109	85,651
Taxes payable	(439,954)	70,533
Interest payable	38,996	11,796
Dividends payable	378,052	—
Other payables	1,098,125	1,236,529
Current portion of non-current liabilities	<u>454,359</u>	<u>419,027</u>
<b>Total current liabilities</b>	<u>12,777,539</u>	<u>8,139,687</u>
<b>Non-current liabilities</b>		
Long-term loans	319,860	639,289
Deferred tax liabilities	93,354	150,170
Other non-current liabilities	<u>268,370</u>	<u>261,753</u>
<b>Total non-current liabilities</b>	<u>681,584</u>	<u>1,051,212</u>
<b>Total liabilities</b>	<u>13,459,123</u>	<u>9,190,899</u>
<b>Shareholders' equity</b>		
Share capital	7,200,000	7,200,000
Capital reserve	3,042,763	3,203,842
Surplus reserve	4,766,408	4,766,408
Retained earnings	<u>2,501,922</u>	<u>5,829,194</u>
Total equity attributable to equity shareholders of the Company	17,511,093	20,999,444
Minority interests	<u>273,578</u>	<u>303,991</u>
<b>Total equity</b>	<u>17,784,671</u>	<u>21,303,435</u>
<b>Total liabilities and shareholders' equity</b>	<u>31,243,794</u>	<u>30,494,334</u>

## Balance Sheet

As at 30 September 2008 (Unaudited)

Prepared under the China Accounting Standards for Business Enterprises (2006)

	As at 30 September 2008 RMB'000 (Unaudited)	As at 31 December 2007 RMB'000 (Audited)
<b>Assets</b>		
<b>Current assets</b>		
Cash at bank and in hand	419,698	634,533
Bills receivable	719,058	1,669,202
Trade debtors	865,548	420,734
Advance payments	165,275	105,211
Other debtors	374,626	213,481
Inventories	<u>6,527,893</u>	<u>4,780,473</u>
<b>Total current assets</b>	<u>9,072,098</u>	<u>7,823,634</u>
<b>Non-current assets</b>		
Available-for-sale financial assets	250,181	434,554
Long-term equity investments	4,448,294	5,081,193
Investment property	558,134	569,326
Fixed assets	12,957,421	13,753,579
Construction in progress	1,311,866	940,491
Intangible assets	462,459	460,638
Long-term deferred expenses	145,452	167,582
Deferred tax assets	<u>1,024,611</u>	<u>126,519</u>
<b>Total non-current assets</b>	<u>21,158,418</u>	<u>21,533,882</u>
<b>Total assets</b>	<u>30,230,516</u>	<u>29,357,516</u>
<b>Current liabilities</b>		
Short-term loans	7,589,570	3,289,642
Bills payable	644,974	285,594
Trade creditors	1,943,469	1,797,640
Receipts in advance	508,655	397,112
Staff costs payable	20,128	68,212
Taxes payable	(428,621)	46,333
Interests payable	37,650	11,796
Dividends payable	375,052	—
Other payables	1,459,425	1,585,040
Current portion of non-current liabilities	<u>300,000</u>	<u>259,097</u>
<b>Total current liabilities</b>	<u>12,450,302</u>	<u>7,740,466</u>

	<b>As at</b> <b>30 September 2008</b> <i>RMB'000</i> <i>(Unaudited)</i>	<b>As at</b> <b>31 December 2007</b> <i>RMB'000</i> <i>(Audited)</i>
<b>Liabilities and shareholders' equity</b>		
<b>Non-current liabilities</b>		
Long-term loans	150,000	450,000
Deferred tax liabilities	89,340	137,186
Other non-current liabilities	<u>268,370</u>	<u>261,753</u>
<b>Total non-current liabilities</b>	<u>507,710</u>	<u>848,939</u>
<b>Total liabilities</b>	<u>12,958,012</u>	<u>8,589,405</u>
<b>Shareholders' equity</b>		
Share capital	7,200,000	7,200,000
Capital reserves	3,034,553	3,171,623
Surplus reserves	4,766,408	4,766,408
Retained earnings	<u>2,271,543</u>	<u>5,630,080</u>
<b>Total equity</b>	<u>17,272,504</u>	<u>20,768,111</u>
<b>Total liabilities and shareholders' equity</b>	<u>30,230,516</u>	<u>29,357,516</u>

#### 4.2 Income Statements (*Unaudited*)

For the nine-month period ended 30 September 2008

Prepared under the China Accounting Standards for Business Enterprises (2006)

	The Group		The Company	
	2008	2007	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Operating income</b>	49,863,969	39,558,923	46,274,044	35,419,836
Less: Operating costs	52,969,122	36,031,006	49,628,883	32,270,719
Business taxes and surcharges	759,090	521,144	750,902	511,646
Selling and distribution expenses	401,727	361,794	337,268	295,913
General and administrative expenses	1,367,664	1,333,882	1,194,452	1,152,076
Financial expenses	276,516	148,065	237,496	122,769
Impairment loss	71,956	(206)	182,227	143
Add: Investment income	272,481	1,127,278	239,535	1,312,180
Including: Income from investment in associates and jointly controlled entities	<u>129,716</u>	<u>519,308</u>	<u>111,553</u>	<u>499,240</u>
<b>Operating (loss)/profit</b>	(5,709,625)	2,290,516	(5,817,649)	2,378,750
Add: Non-operating income	2,253,760	19,843	2,252,214	16,878
Less: Non-operating expenses	32,110	80,188	31,044	67,304
Including: Loss from disposal of non-current assets	<u>2,729</u>	<u>33,546</u>	<u>2,278</u>	<u>23,258</u>
<b>(Loss)/profit before income tax</b>	(3,487,975)	2,230,171	(3,596,479)	2,328,324
Less: Income tax	<u>(842,985)</u>	<u>523,065</u>	<u>(885,942)</u>	<u>483,803</u>
<b>Net (loss)/profit</b>	<u>(2,644,990)</u>	<u>1,707,106</u>	<u>(2,710,537)</u>	<u>1,844,521</u>
Attributable to:				
Equity shareholders of the Company	(2,679,272)	1,664,225		
Minority shareholders	34,282	42,881		
Basic and diluted (loss)/earnings per share	<u>(0.372)</u>	<u>0.231</u>		

**Income Statements (Unaudited)****For the three-month period from July to September 2008***Prepared under the China Accounting Standards for Business Enterprises (2006)*

	<u>The Group</u>		<u>The Company</u>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
<b>Operating income</b>	16,956,208	12,675,492	15,841,161	11,502,283
Less: Operating costs	19,664,728	12,352,308	18,607,040	11,296,551
Business taxes and surcharges	186,340	169,068	183,581	166,334
Selling and distribution expenses	131,371	118,693	109,441	98,663
General and administrative expenses	468,204	520,524	409,036	457,794
Financial expenses	137,482	59,308	124,989	51,835
Impairment loss	—	(100)	—	—
Add: Investment (loss)/income	(12,619)	339,992	(18,144)	328,400
Including: (Loss)/income from investment in associates and jointly controlled entities	<u>(17,385)</u>	<u>134,396</u>	<u>(21,947)</u>	<u>126,364</u>
<b>Operating loss</b>	(3,644,536)	(204,317)	(3,611,070)	(240,494)
Add: Non-operating income	611,553	8,874	611,439	8,059
Less: Non-operating expenses	6,053	28,381	5,393	27,455
Including: Loss from disposal of non-current assets	<u>705</u>	<u>17,406</u>	<u>255</u>	<u>17,399</u>
<b>Loss before income tax</b>	(3,039,036)	(223,824)	(3,005,024)	(259,890)
Less: Income tax	<u>(740,428)</u>	<u>(142,179)</u>	<u>(745,626)</u>	<u>(157,274)</u>
<b>Net loss</b>	<u>(2,298,608)</u>	<u>(81,645)</u>	<u>(2,259,398)</u>	<u>(102,616)</u>
Attributable to:				
Equity shareholders of the Company	(2,306,500)	(94,065)		
Minority shareholders	7,892	12,420		
Basic and diluted loss per share	<u>(0.320)</u>	<u>(0.013)</u>		

#### 4.3 Consolidated Cash Flow Statements (*Unaudited*)

For the nine-month period ended 30 September 2008

Prepared under the China Accounting Standards for Business Enterprises (2006)

	2008 RMB'000 (Unaudited)	2007 RMB'000 (Unaudited)
<b>Cash flows from operating activities:</b>		
Cash received from sale of goods and rendering of services	59,675,620	47,213,089
Refund of taxes	83,917	11,611
Other cash received relating to operating activities	<u>2,116,337</u>	<u>8,059</u>
<b>Sub-total of cash inflows</b>	<u>61,875,874</u>	<u>47,232,759</u>
Cash paid for goods and services	(62,786,689)	(42,378,410)
Cash paid to and for employees	(1,375,293)	(1,360,321)
Cash paid for all types of taxes	(714,753)	(1,211,204)
Other cash paid relating to operating activities	<u>(288,964)</u>	<u>(264,349)</u>
<b>Sub-total of cash outflows</b>	<u>(65,165,699)</u>	<u>(45,214,284)</u>
<b>Net cash (outflow)/inflow from operating activities</b>	<u>(3,289,825)</u>	<u>2,018,475</u>
<b>Cash flows from investing activities:</b>		
Cash received from disposal of investments	153,997	750,523
Cash received from investment income	540,842	389,465
Net cash received from disposal of fixed assets and intangible assets	16,620	54,761
Other cash received relating to investing activities	<u>49,967</u>	<u>32,820</u>
<b>Sub-total of cash inflows</b>	<u>761,426</u>	<u>1,227,569</u>
Cash paid for acquisition of fixed assets and intangible assets	<u>(848,334)</u>	<u>(1,613,874)</u>
<b>Sub-total of cash outflows</b>	<u>(848,334)</u>	<u>(1,613,874)</u>
<b>Net cash outflow from investing activities</b>	<u>(86,908)</u>	<u>(386,305)</u>

	<b>2008</b> <i>RMB'000</i> <i>(Unaudited)</i>	<b>2007</b> <i>RMB'000</i> <i>(Unaudited)</i>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	<u>22,273,828</u>	<u>11,927,838</u>
<b>Sub-total of cash inflows</b>	<u>22,273,828</u>	<u>11,927,838</u>
Repayment of borrowings	(18,321,899)	(12,874,756)
Cash paid for dividends, profit distribution and interest	<u>(751,199)</u>	<u>(508,721)</u>
<b>Sub-total of cash outflows</b>	<u>(19,073,098)</u>	<u>(13,383,477)</u>
<b>Net cash inflow/(outflow) from financing activities</b>	<u>3,200,730</u>	<u>(1,455,639)</u>
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>	<u>(1,186)</u>	<u>(1,917)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(177,189)	174,614
Add: Cash and cash equivalents at the beginning of the period	<u>893,165</u>	<u>894,650</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>715,976</u>	<u>1,069,264</u>

#### 4.4 Cash Flow Statements (*Unaudited*)

For the nine-month period ended 30 September 2008

Prepared under the China Accounting Standards for Business Enterprises (2006)

	2008 RMB'000 (Unaudited)	2007 RMB'000 (Unaudited)
<b>Cash flows from operating activities:</b>		
Cashed received from sale of goods and rendering of services	54,722,512	41,647,691
Refund of taxes	83,917	—
Other cash received relating to operating activities	<u>2,114,997</u>	<u>5,183</u>
<b>Sub-total of cash inflows</b>	<u>56,921,426</u>	<u>41,652,874</u>
Cash paid for goods and services	(58,474,603)	(37,232,719)
Cash paid to and for employees	(1,107,236)	(979,219)
Cash paid for all types of taxes	(650,526)	(1,152,935)
Other cash paid relating to operating activities	<u>(256,212)</u>	<u>(182,045)</u>
<b>Sub-total of cash outflows</b>	<u>(60,488,577)</u>	<u>(39,546,918)</u>
<b>Net cash (outflow)/inflow from operating activities</b>	<u>(3,567,151)</u>	<u>2,105,956</u>
<b>Cash flows from investing activities:</b>		
Cash received from disposal of investments	120,001	583,558
Cash received from investment income	531,042	669,690
Net cash received from disposal of fixed assets and intangible assets	10,900	33,856
Other cash received relating to investing activities	<u>42,812</u>	<u>26,430</u>
<b>Sub-total of cash inflows</b>	<u>704,755</u>	<u>1,313,534</u>
Cash paid for acquisition of fixed assets and intangible assets	<u>(841,435)</u>	<u>(1,587,414)</u>
<b>Sub-total of cash outflows</b>	<u>(841,435)</u>	<u>(1,587,414)</u>
<b>Net cash outflow from investing activities</b>	<u>(136,680)</u>	<u>(273,880)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from borrowings	<u>22,115,828</u>	<u>11,482,838</u>
<b>Sub-total of cash inflows</b>	<u>22,115,828</u>	<u>11,482,838</u>
Repayment of borrowings	(17,982,924)	(12,680,765)
Cash paid for dividends, profit distribution and interest	<u>(643,901)</u>	<u>(396,328)</u>
<b>Sub-total of cash outflows</b>	<u>(18,626,825)</u>	<u>(13,077,093)</u>

	<b>2008</b> <i>RMB'000</i> <i>(Unaudited)</i>	<b>2007</b> <i>RMB'000</i> <i>(Unaudited)</i>
<b>Net cash inflow/(outflow) from financing activities</b>	3,489,003	(1,594,255)
<b>Effect of foreign exchange rate changes on cash and cash equivalents</b>	(7)	(56)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(214,835)	237,765
Add: Cash and cash equivalents at the beginning of the period	<u>634,533</u>	<u>551,693</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>419,698</u></u>	<u><u>789,458</u></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, 29 October 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.*