

SINOPEC SHANGHAI PETROCHEMICAL CO LTD

Form 6-K

May 07, 2012

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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 May 2012

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)

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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

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SINOPEC SHANGHAI PETROCHEMICAL COMPANY LIMITED

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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: May 7, 2012

By: /s/ Wang Zhiqing
Name: Wang Zhiqing
Title: President

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

(Stock Code: 00338)

Supplementary Explanation to the 2011 Annual Report

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

This announcement is made pursuant to Rule 13.09(1) and (2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Hong Kong Listing Rules).

Sinopec Shanghai Petrochemical Company Limited (the Company) has recently noticed the concerns from several investors that in the section Major Events of its 2011 annual report relating to the Major Connected Transactions Involving Purchases and Sales of Goods and Services (see the table below), the total raw materials purchased by the Company from China International United Petroleum & Chemicals Co., Ltd. and other related parties amounted to approximately RMB47,800 million, which exceeded the annual cap of 2011 (i.e. RMB47,300 million) on the purchases of raw materials by the Company from China Petroleum and Chemical Corporation (Sinopec Corp.) and its associates as considered and approved at the 2010 extraordinary general meeting of the Company held on 28 December 2010.

Unit: RMB '000

| Type of transactions | Related parties | Amount | Percentage of the total amount of this type of transaction (%) |
|---|---|------------|--|
| Income from sales of products and services income | Sinopec Huadong Sales Company Limited | 36,585,798 | 38.29 |
| | Other related parties | 16,696,923 | 17.44 |
| Purchases | China International United Petroleum & Chemical Co., Ltd. | 31,569,944 | 39.95 |
| | Other related parties | 16,238,905 | 20.55 |
| | Sinopec Corp. Chemical Products Sales Branch | 195,606 | 100.00 |
| Insurance premiums for petrochemical industry | Sinopec and its subsidiaries | 115,910 | 79.37 |
| Construction and installation cost | Sinopec and its subsidiaries | 286,023 | 38.17 |

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It is hereby explained as below:

Other related parties stated in the above table refer to related parties of the Company as defined in Note 2 (27) to the 2011 financial statements of the Company prepared under the China Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China, and in Note 1 (y) to the 2011 financial statements of the Company prepared under the International Financial Reporting Standards. Such other related parties included, among others, the associates and jointly controlled entities of the Company (such as Shanghai Jinsen Hydrocarbon Resins Co., Ltd., BOC-SPC Gases Co., Ltd., etc.). According to the definitions of related party under the Listing Rules of the Shanghai Stock Exchange (the Shanghai Listing Rules) and of connected person under the Hong Kong Listing Rules, the above associates and jointly controlled entities of the Company are not related parties of the Company as defined under the Shanghai Listing Rules, and are not regarded as Sinopec Corp.'s associates as defined under the Hong Kong Listing Rules. The amounts of transactions with Other related parties in the above table mainly comprises those between the Company and its above associates and jointly controlled entities as well as between the Company and Sinopec Corp.'s associates.

Please refer to the following table for the amounts of continuing (routine) connected transactions set out separately between the Company and Sinopec Corp.'s associates and Non-Sinopec Corp.'s associates during 2011:

Unit: RMB '000

| Type of transactions | Related parties | Amount | Percentage of the total amount of this type of transaction (%) |
|---|--|-------------------|--|
| Income from sales of products and services income | Sinopec Huadong Sales Company Limited | 36,585,798 | 38.29 |
| | Other Sinopec Corp.'s associates | 15,680,097 | 16.39 |
| | Subtotal from Sinopec Corp. and its associates | 52,265,895 | 54.68 |
| | Non-Sinopec Corp.'s associates | 1,016,826 | 1.05 |
| Purchases | China International United Petroleum & Chemical Co., Ltd | 31,569,944 | 39.95 |
| | Other Sinopec Corp.'s associates | 15,536,972 | 19.66 |
| | Subtotal from Sinopec Corp. and its associates | 47,106,916 | 59.61 |
| | Non-Sinopec Corp.'s associates | 701,933 | 0.89 |
| Sales commission | Sinopec Corp. Chemical Products | 195,606 | 100.00 |
| Insurance premiums for petrochemical industry | Sinopec and its subsidiaries | 115,910 | 79.37 |
| Construction and installation cost | Sinopec and its subsidiaries | 286,023 | 38.17 |

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The audit committee of the board of directors of the Company (the Board) and the Board have confirmed that the amounts of continuing (routine) connected transactions of the Company incurred in 2011 did not exceed the annual caps of 2011 as considered and approved at the 2010 extraordinary general meeting of the Company. KPMG, the auditor of the Company, also issued to the Board an auditor's letter in respect of the continuing (routine) connected transactions of the Company during 2011. For details of the letter, please refer to the section Major Events of the 2011 annual report of the Company.

Sinopec Shanghai Petrochemical Company Limited

Shanghai, the PRC, 27 April 2012

As at the date of this announcement, the executive Directors of the Company are Rong Guangdao, Wang Zhiqing, Wu Haijun, Li Honggen, Shi Wei and Ye Guohua; the non-executive directors of the Company are Lei Dianwu and Xiang Hanyin, and the independent non-executive directors of the Company are Shen Liqiang, Jin Mingda, Wang Yongshou and Cai Tingji.

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

(Stock Code: 00338)

2012 First Quarterly Report

This report is published simultaneously in Shanghai and Hong Kong. This report is published pursuant to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange in the People's Republic of China and is made pursuant to the disclosure obligations under Rules 13.09(1) and (2) 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) 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 report of the Company for the three-month period ended 31 March 2012 (the Reporting Period) was unaudited.
- 1.4 Mr. Rong Guangdao, Chairman of the Board and the responsible person of the Company, Mr. Ye Guohua, Director and Chief Financial Officer overseeing the accounting operations and Mr. Hua Xin, Deputy Chief Financial Officer and person-in-charge of Accounting Department (accountant in charge) hereby warrant the truthfulness and completeness of the financial report contained in this quarterly report.

Table of Contents**§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 | Increase/(decrease) as compared to the end of the previous year (%) |
|--|--|---|--|
| Total assets (RMB 000) | 35,554,256 | 31,110,085 | 14.29 |
| Total equity attributable to equity shareholders of the Company (RMB 000) | 17,948,961 | 18,112,483 | 0.90 |
| Net asset value per share attributable to equity shareholders of the Company (RMB) | 2.493 | 2.516 | 0.90 |

| | 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 outflow from operating activities (RMB 000) | 2,767,881 | 184.60 |
| Net cash outflow per share from operating activities (RMB) | 0.384 | 184.60 |

| | 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 loss attributable to equity shareholders of the Company (RMB 000) | 190,122 | 190,122 | 120.86 |
| Basic loss per share (RMB) | 0.026 | 0.026 | 120.86 |
| Basic loss per share excluding non-recurring items (RMB) | 0.026 | 0.026 | 120.60 |
| Diluted loss per share (RMB) | 0.026 | 0.026 | 120.86 |
| Return on net assets (weighted average) (%) | 1.054 | 1.054 | Decreased by 6.014 percentage points |
| Return on net assets based on net loss excluding non-recurring items (weighted average) (%) | 1.048 | 1.048 | Decreased by 6.038 percentage points |

Table of Contents**Non-recurring items and amount:**

| | RMB 000 |
|---|--------------|
| Item | Amount |
| Net gain on disposal of non-current assets | 1,149 |
| Employee reduction expenses | 2,510 |
| Government grants recorded in profit and loss (except for government grants under the State's unified standards on quota and amount entitlements and closely related to corporate business) | 1,356 |
| Income from external entrusted loans | 529 |
| Other non-operating income and expenses other than those mentioned above | 3,632 |
| Income tax effect | 2,259 |
| Effect attributable to minority interests (after tax) | 336 |
| Total | 1,185 |

2.2 Total Number of Shareholders as at the End of the Reporting Period and Shareholding of the Top Ten Shareholders of Shares in Circulation

Unit: Share

Shareholders as at the end of the Reporting Period

| Shareholding of the top ten shareholders of shares in circulation | | Number of shares in circulation held as at the end of the Reporting Period |
|---|--|---|
| (in full) Ltd. | | 2,294,284,101 |
| Bank of China Limited | | 69,836,385 |
| New Economics Mixed Fund | | 20,818,257 |
| China Investment Corporation Limited Bonus Individual Bonus 005L FH002 Shanghai | | 14,166,204 |
| China Investment Corporation Limited Traditional Ordinary Insurance Product 005L CT001 Shanghai | | 12,408,194 |
| China Investment Corporation Limited New China Selected Growth Stock Fund | | 5,432,000 |
| Commercial Bank of China Limited Harvest Theme New Power Stock Fund | | 4,518,720 |
| China Investment Corporation Limited | | 3,367,193 |

| | |
|---|-----------|
| Bank Co., Limited Fortis Haitong Surging Return Mixed Type Fund 招 股份有限 海富通強化回報混合型 | 3,029,933 |
| | 2,976,068 |

Table of Contents**§3 MAJOR EVENTS****3.1 Description of Substantial Changes in Financial Report Items and Financial Indicators of the Company**

RMB 000

| Item | As at 31 March 2012 | As at 31 December 2011 | Increase/ (decrease) amount | Change (%) | Major reason for change |
|---------------------------|------------------------------------|---------------------------------------|--|-----------------------|---|
| Inventories | 9,354,831 | 5,582,425 | 3,772,406 | 67.58 | The purchase of crude oil at the end of the Reporting Period increased, and the price of raw materials increased significantly during the Reporting Period. |
| Total current assets | 13,755,649 | 9,665,814 | 4,089,835 | 42.31 | Balance of inventories at the end of the Reporting Period increased significantly. |
| Short-term loans | 9,331,599 | 5,512,074 | 3,819,525 | 69.29 | The Company borrowed short-term loans to replenish the working capital during the Reporting Period. |
| Total current liabilities | 16,755,302 | 12,271,832 | 4,483,470 | 36.53 | Balance of loans and borrowings at the end of the Reporting Period increased significantly. |
| Total liabilities | 17,328,112 | 12,727,501 | 4,600,611 | 36.15 | |

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RMB 000

| Item | For the three-month period ended 31 March | | Increase/ decrease amount | Change (%) | Major reason for change |
|--|---|-----------|---------------------------------|---------------|---|
| | 2012 | 2011 | | | |
| Operating profit (represents loss) | 243,210 | 1,199,671 | 1,442,881 | 120.27 | |
| Profit before income tax (represents loss) | 250,471 | 1,193,146 | 1,443,617 | 120.99 | |
| Net profit for the period (represents loss) | 183,614 | 914,778 | 1,098,392 | 120.07 | Gross profit of sales decreased during the Reporting Period. |
| Net profit attributable to equity shareholders of the Company (represents loss) | 190,122 | 911,610 | 1,101,732 | 120.86 | |
| Financial expenses | 37,376 | 7,825 | 29,551 | 377.65 | Interest on loans and borrowings increased. |
| Impairment losses (represents reversals) | 1,560 | 184,726 | 186,286 | 100.84 | Provision for diminution in value of inventories decreased significantly during the Reporting Period. |
| Investment income | 32,012 | 97,471 | 65,459 | 67.16 | Net profit of associates decreased during the Reporting Period. |
| Income tax expense | 66,857 | 278,368 | 345,225 | 124.02 | Operating results decreased substantially. |

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3.2 Warning and Explanation on Projection of a Possible Loss or Material Year-on-year Change in Operating Results from the Beginning of the Year to the End of the Next Reporting Period

Since 2012, international crude oil prices have remained at a high level, resulting in a significant increase in the production costs of the Company and its subsidiaries (the Group). In addition, domestic prices of refined oil products were not adjusted in an adequate and timely manner during the Reporting Period. The market for petrochemical products remained weak despite a slight pickup, together with intensified competition within the industry. Thereby the Group recorded net loss attributable to equity shareholders of the Company for the first quarter of 2012. The Company forecasted that the Group's net profit attributable to equity shareholders of the Company for the six-month period ending 30 June 2012 would have a substantial decrease as compared to the corresponding period of the previous year.

3.3 Implementation of Dividend Policy during the Reporting Period

The 2011 profit distribution plan was considered and approved at the fifth meeting of the seventh session of the Board held on 29 March 2012. Based on the total share capital of 7.2 billion shares as at 31 December 2011, a dividend of RMB0.50 (tax inclusive) per 10 shares shall be distributed subject to the approval by the 2011 annual general meeting of the Company.

Table of Contents**§4 APPENDIX****4.1 Consolidated Balance Sheet (Unaudited)**

As at 31 March 2012

Unit: RMB 000

| Item | 31 March 2012 (Unaudited) | 31 December 2011 (Audited) |
|---------------------------------|------------------------------|-------------------------------|
| Current assets: | | |
| Cash at bank and on hand | 294,343 | 91,346 |
| Bills receivable | 2,792,761 | 3,131,579 |
| Accounts receivable | 711,093 | 609,906 |
| Prepayments | 430,455 | 43,160 |
| Other receivables | 63,522 | 46,994 |
| Inventories | 9,354,831 | 5,582,425 |
| Other current assets | 108,644 | 160,404 |
| Total current assets | 13,755,649 | 9,665,814 |
| Non-current assets: | | |
| Long-term equity investments | 3,125,778 | 3,101,305 |
| Investment properties | 449,242 | 452,555 |
| Fixed assets | 12,247,801 | 12,659,332 |
| Construction in progress | 4,593,256 | 3,882,992 |
| Intangible assets | 511,316 | 519,198 |
| Long-term deferred expenses | 275,498 | 306,052 |
| Deferred tax assets | 595,716 | 522,837 |
| Total non-current assets | 21,798,607 | 21,444,271 |
| Total assets | 35,554,256 | 31,110,085 |

Table of Contents**Consolidated Balance Sheet (Unaudited) (Cont d)**

As at 31 March 2012

Unit: RMB 000

| Item | 31 March 2012 (Unaudited) | 31 December 2011 (Audited) |
|--|------------------------------|-------------------------------|
| Current liabilities: | | |
| Short-term loans | 9,331,599 | 5,512,074 |
| Bills payable | 151,688 | 15,688 |
| Accounts payable | 5,335,270 | 4,650,007 |
| Advances from customers | 575,951 | 706,835 |
| Employee benefits payable | 62,650 | 46,140 |
| Taxes payable | 629,910 | 507,938 |
| Interest payable | 24,440 | 9,442 |
| Dividends payable | 21,734 | 22,599 |
| Other payables | 773,748 | 801,109 |
| Total current liabilities | 16,755,302 | 12,271,832 |
| Non-current liabilities: | | |
| Long-term loans | 256,340 | 160,050 |
| Other non-current liabilities | 316,470 | 295,619 |
| Total non-current liabilities | 572,810 | 455,669 |
| Total liabilities | 17,328,112 | 12,727,501 |
| Shareholders' equity: | | |
| Share capital | 7,200,000 | 7,200,000 |
| Capital reserve | 2,914,763 | 2,914,763 |
| Specific reserve | 48,377 | 21,777 |
| Surplus reserve | 5,151,770 | 5,151,770 |
| Retained earnings | 2,634,051 | 2,824,173 |
| Total equity attributable to equity shareholders of the Company | 17,948,961 | 18,112,483 |
| Minority interests | 277,183 | 270,101 |
| Total equity | 18,226,144 | 18,382,584 |
| Total liabilities and shareholders' equity | 35,554,256 | 31,110,085 |

Table of Contents**Balance Sheet (Unaudited)**

As at 31 March 2012

Unit: RMB 000

| Item | 31 March 2012 (Unaudited) | 31 December 2011 (Audited) |
|---------------------------------|------------------------------|-------------------------------|
| Current assets: | | |
| Cash at bank and on hand | 239,191 | 61,057 |
| Bills receivable | 2,664,402 | 2,941,248 |
| Accounts receivable | 351,429 | 538,149 |
| Prepayments | 424,867 | 51,583 |
| Other receivables | 23,194 | 10,592 |
| Inventories | 8,965,242 | 5,281,885 |
| Other current assets | 23,168 | 55,921 |
| Total current assets | 12,691,493 | 8,940,435 |
| Non-current assets: | | |
| Long-term equity investments | 4,126,279 | 4,105,694 |
| Investment properties | 449,242 | 452,555 |
| Fixed assets | 11,753,603 | 12,136,472 |
| Construction in progress | 4,522,486 | 3,812,222 |
| Intangible assets | 416,129 | 419,387 |
| Long-term deferred expenses | 275,498 | 306,052 |
| Deferred tax assets | 595,423 | 522,544 |
| Total non-current assets | 22,138,660 | 21,754,926 |
| Total assets | 34,830,153 | 30,695,361 |

Table of Contents**Balance Sheet (Unaudited) (Cont d)**

As at 31 March 2012

Unit: RMB 000

| Item | 31 March 2012 (Unaudited) | 31 December 2011 (Audited) |
|---|--------------------------------------|---------------------------------------|
| Current liabilities: | | |
| Short-term loans | 9,332,899 | 5,526,574 |
| Bills payable | — | 15,688 |
| Accounts payable | 4,831,677 | 4,377,765 |
| Advances from customers | 536,394 | 674,368 |
| Employee benefits payable | 57,992 | 41,506 |
| Taxes payable | 623,334 | 481,854 |
| Interest payable | 24,440 | 9,434 |
| Dividends payable | 21,655 | 22,599 |
| Other payables | 1,177,615 | 1,256,888 |
| Non-current liabilities due within one year | 45,000 | 45,000 |
| Total current liabilities | 16,651,006 | 12,451,676 |
| Non-current liabilities: | | |
| Long-term loans | 225,000 | 135,000 |
| Other non-current liabilities | 316,470 | 295,619 |
| Total non-current liabilities | 541,470 | 430,619 |
| Total liabilities | 17,192,476 | 12,882,295 |
| Shareholders' equity: | | |
| Share capital | 7,200,000 | 7,200,000 |
| Capital reserve | 2,914,763 | 2,914,763 |
| Specific reserve | 38,025 | 14,272 |
| Surplus reserve | 5,151,770 | 5,151,770 |
| Retained earnings | 2,333,119 | 2,532,261 |
| Total equity | 17,637,677 | 17,813,066 |
| Total liabilities and shareholders' equity | 34,830,153 | 30,695,361 |

Table of Contents**4.2 Consolidated Income Statement (Unaudited)**
For the three-month period ended 31 March 2012

Unit: RMB 000

| Item | 2012 (Unaudited) | 2011 (Unaudited) |
|--|---------------------|---------------------|
| Operating income | 23,550,221 | 24,633,858 |
| Less: Operating costs | 21,649,053 | 20,882,563 |
| Business taxes and surcharges | 1,429,399 | 1,612,892 |
| Selling and distribution expenses | 164,565 | 164,120 |
| General and administrative expenses | 546,610 | 679,532 |
| Financial expenses | 37,376 | 7,825 |
| Impairment losses (represents reversals) | 1,560 | 184,726 |
| Add: Investment income | 32,012 | 97,471 |
| Including: Income from investment in associates and jointly controlled enterprises | 25,878 | 97,471 |
| Operating profit (represents loss) | 243,210 | 1,199,671 |
| Add: Non-operating income | 4,997 | 4,259 |
| Less: Non-operating expenses | 12,258 | 10,784 |
| Including: Losses from disposal of non-current assets | 4,989 | 3,708 |
| Profit before income tax (represents loss) | 250,471 | 1,193,146 |
| Less: Income tax expense | 66,857 | 278,368 |
| Net profit for the period (represents loss) | 183,614 | 914,778 |
| Attributable to Equity shareholders of the Company (represents loss) | 190,122 | 911,610 |
| Minority shareholders | 6,508 | 3,168 |
| Earnings per share: | | |
| Basic and diluted earnings per share (represents loss) (RMB) | 0.026 | 0.127 |
| Other comprehensive income | — | — |
| Total comprehensive income (represents loss) | 183,614 | 914,778 |
| Attributable to Equity shareholders of the Company (represents loss) | 190,122 | 911,610 |
| Minority shareholders | 6,508 | 3,168 |

Table of Contents**Income Statement (Unaudited)****For the three-month period ended 31 March 2012**

Unit: RMB 000

| Item | 2012 (Unaudited) | 2011 (Unaudited) |
|--|---------------------|---------------------|
| Operating income | 20,171,979 | 20,698,979 |
| Less: Operating costs | 18,338,832 | 16,995,596 |
| Business taxes and surcharges | 1,428,324 | 1,610,848 |
| Selling and distribution expenses | 141,623 | 141,622 |
| General and administrative expenses | 510,376 | 646,787 |
| Financial expenses | 37,569 | 14,276 |
| Impairment losses (represents reversals) | 100 | 184,726 |
| Add: Investment income | 20,585 | 83,236 |
| Including: Income from investment in associates and jointly controlled enterprises | 20,585 | 83,236 |
| Operating profit (represents loss) | 264,060 | 1,188,360 |
| Add: Non-operating income | 4,295 | 3,933 |
| Less: Non-operating expenses | 12,256 | 10,784 |
| Including: Losses from disposal of non-current assets | 4,989 | 3,708 |
| Profit before income tax (represents loss) | 272,021 | 1,181,509 |
| Less: Income tax expense | 72,879 | 274,848 |
| Net profit for the period (represents loss) | 199,142 | 906,661 |
| Other comprehensive income | — | — |
| Total comprehensive income (represents loss) | 199,142 | 906,661 |

Table of Contents**4.3 Consolidated Cash Flow Statement (Unaudited)**
For the three-month period ended 31 March 2012

Unit: RMB 000

| Item | 2012 (Unaudited) | 2011 (Unaudited) |
|--|---------------------|---------------------|
| Cash flows from operating activities: | | |
| Cash received from sale of goods and rendering of services | 27,749,310 | 27,822,950 |
| Refund of taxes | 12,941 | — |
| Other cash received relating to operating activities | 25,844 | 1,439 |
| Sub-total of cash inflows | 27,788,095 | 27,824,389 |
| Cash paid for goods and services | 28,261,164 | 25,404,298 |
| Cash paid to and for employees | 533,349 | 442,190 |
| Cash paid for all types of taxes | 1,605,283 | 2,822,231 |
| Other cash paid relating to operating activities | 156,180 | 128,214 |
| Sub-total of cash outflows | 30,555,976 | 28,796,933 |
| Net cash outflow from operating activities | 2,767,881 | 972,544 |
| Cash flows from investing activities: | | |
| Cash received from disposal of investments | 16,000 | 14,000 |
| Cash received from investment income | 2,841 | — |
| Net cash received from disposal of fixed assets | 1,258 | — |
| Cash received relating to other investing activities | 27,541 | 18,575 |
| Sub-total of cash inflows | 47,640 | 32,575 |
| Cash paid for acquisition of fixed assets and other long-term assets | 928,471 | 316,377 |
| Cash paid for disposal of fixed assets | — | 150 |
| Sub-total of cash outflows | 928,471 | 316,527 |
| Net cash outflow from investing activities | 880,831 | 283,952 |

Table of Contents**Consolidated Cash Flow Statement (Unaudited) (Cont d)****For the three-month period ended 31 March 2012**

Unit: RMB 000

| Item | 2012 <i>(Unaudited)</i> | 2011 <i>(Unaudited)</i> |
|---|-----------------------------------|-----------------------------------|
| Cash flows from financing activities: | | |
| Cash received from borrowings | 12,761,471 | 9,716,363 |
| Sub-total of cash inflows | 12,761,471 | 9,716,363 |
| Cash repayments of borrowings | 8,819,302 | 8,241,089 |
| Cash paid for dividends, profits distribution and interest | 90,495 | 48,151 |
| Sub-total of cash outflows | 8,909,797 | 8,289,240 |
| Net cash inflow from financing activities | 3,851,674 | 1,427,123 |
| Effect of foreign exchange rate changes on cash and cash equivalents | 35 | 129 |
| Net increase in cash and cash equivalents | 202,997 | 170,498 |
| Add: Cash and cash equivalents at the beginning of the period | 91,346 | 100,110 |
| Cash and cash equivalents at the end of the period | 294,343 | 270,608 |

Table of Contents**Cash Flow Statement (Unaudited)**

For the three-month period ended 31 March 2012

Unit: RMB 000

| Item | 2012 (Unaudited) | 2011 (Unaudited) |
|--|---------------------|---------------------|
| Cash flows from operating activities: | | |
| Cash received from sale of goods and rendering of services | 23,911,709 | 23,181,368 |
| Other cash received relating to operating activities | 25,142 | 780 |
| Sub-total of cash inflows | 23,936,851 | 23,182,148 |
| Cash paid for goods and services | 24,499,738 | 20,902,020 |
| Cash paid to and for employees | 498,309 | 409,248 |
| Cash paid for all types of taxes | 1,551,045 | 2,751,532 |
| Other cash paid relating to operating activities | 139,390 | 93,971 |
| Sub-total of cash outflows | 26,688,482 | 24,156,771 |
| Net cash outflow from operating activities | 2,751,631 | 974,623 |
| Cash flows from investing activities: | | |
| Net cash received from disposal of fixed assets | 1,256 | — |
| Cash received relating to other investing activities | 24,991 | 15,914 |
| Sub-total of cash inflows | 26,247 | 15,914 |
| Cash paid for acquisition of fixed assets and other long-term assets | 922,336 | 313,395 |
| Cash paid for disposal of fixed assets | — | 150 |
| Sub-total of cash outflows | 922,336 | 313,545 |
| Net cash outflow from investing activities | 896,089 | 297,631 |

Table of Contents**Cash Flow Statement (Unaudited) (Cont d)****For the three-month period ended 31 March 2012**

Unit: RMB 000

| Item | 2012 (Unaudited) | 2011 (Unaudited) |
|---|---------------------|---------------------|
| Cash flows from financing activities: | | |
| Cash received from borrowings | 12,731,280 | 9,679,763 |
| Sub-total of cash inflows | 12,731,280 | 9,679,763 |
| Cash repayments of borrowings | 8,818,060 | 8,240,101 |
| Cash paid for dividends, profits distribution and interest | 87,402 | 47,516 |
| Sub-total of cash outflows | 8,905,462 | 8,287,617 |
| Net cash inflow from financing activities | 3,825,818 | 1,392,146 |
| Effect of foreign exchange rate changes on cash and cash equivalents | 36 | 109 |
| Net increase in cash and cash equivalents | 178,134 | 119,783 |
| Add: Cash and cash equivalents at the beginning of the period | 61,057 | 89,224 |
| Cash and cash equivalents at the end of the period | 239,191 | 209,007 |

By Order of the Board

Rong Guangdao*Chairman*

Shanghai, the PRC, 27 April 2012

As at the date of this report, the executive directors of the Company are Rong Guangdao, Wang Zhiqing, Wu Haijun, Li Honggen, Shi Wei and Ye Guohua; the non-executive directors of the Company are Lei Dianwu and Xiang Hanyin, and the independent non-executive directors of the Company are Shen Liqiang, Jin Mingda, Wang Yongshou and Cai Tingji.