

SINOPEC SHANGHAI PETROCHEMICAL CO LTD

Form 6-K

April 30, 2007

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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 2007

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)

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.

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Yes _____ No X

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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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 27, 2007

By: /s/ Rong Guangdao
Name: Rong Guangdao
Title: Chairman

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

(Stock Code: 338)

Resolutions of the 19th Meeting of the Fifth Session of the Board of Directors

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 presentations or misleading statements contained in, or material omissions from, this announcement.

The directors were informed on the convening of the 19th meeting of the fifth session of the board of directors of Sinopec Shanghai Petrochemical Company Limited (the Company) (the Meeting) via facsimile and mail on 12 April 2007. The Meeting was held on 26 April 2007 by means of correspondence. Of the 12 directors entitled to attend the Meeting, 12 of them attended the Meeting. Supervisory Committee members and the senior management of the Company attended the Meeting. The Meeting complied with the requirements of the PRC Company Law and the articles of association of the Company. Mr. Rong Guangdao, Chairman of the Company, presided over the Meeting. The Meeting considered and approved the following resolutions:

Resolution 1 The 2007 first quarterly report; the authorization given to the secretary to the board of directors (the Board) to submit the report to the Shanghai Stock Exchange, The Stock Exchange of Hong Kong Limited and the New York Stock Exchange; and the announcement of the first quarterly report after 4:15 p.m. on 26 April 2007 and the publication of the report in designated newspapers of Hong Kong and Shanghai on 27 April 2007 were considered and approved (with 12 votes in favor, 0 vote against, 0 abstention);

Compared to the first quarter of 2006, the crude oil processing cost of the Group decreased in the first quarter of 2007. Meanwhile, the selling prices of most products increased. Accordingly, there was a significant growth in its overall 2007 first quarterly results as compared to the same period last year. The Board estimates that under the PRC Accounting Rules and Regulations, the net profit of the Group for the six months ending 30 June 2007 will turn from a net loss to a net profit as compared to same period last year (for the six months ended 30 June 2006, the net profit of the Group in accordance with the PRC Accounting Rules and Regulations was RMB-27,560).

Resolution 2 The submission of the 20-F to the Securities and Exchange Commission of the USA and the submission of the relevant information in respect of the Board meeting to the New York Stock Exchange were considered and approved (with 12 votes in favor, 0 vote against, 0 abstention);

Resolution 3 The amendments to the accounting policies and adjustments to the accounting estimates of the Company were considered and approved (with 12 votes in favor, 0 vote against, 0 abstention);

Pursuant to relevant regulations including the Accounting Standards for Enterprises announced by the PRC Ministry of Finance on 15 February 2006 and with reference to the actual situation of the Company, the Company has amended its existing major accounting policies as the basis and principles of the Company's accounting work.

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Resolution 4 The amendment to the relevant article of the Articles of Association of the Company was considered and approved (with 12 votes in favor, 0 vote against, 0 abstention);

Details of the resolution are as follows:

Article 12 of the Articles of Association stipulates that:

The Company's scope of business shall be based on the projects approved by the Company's registration authorities.

The Company's scope of business includes: crude oil processing, oil products, petrochemical products, synthetic fibres and monomers, plastics and plastic products, raw materials and products for knitting, catalyst preparation and spent solvent reclamation, supply of electricity, heat energy, water and gas, water processing, loading and unloading on railways, river transport, terminals, storage, design, research and development, Four Technologies' services.

The article is proposed to be amended as follows:

The Company's scope of business shall be based on the projects approved by the Company's registration authorities.

The Company's scope of business includes: crude oil processing, oil products, petrochemical products, synthetic fibres and monomers, plastics and plastic products, raw materials and products for knitting, catalyst preparation and spent solvent reclamation, supply of electricity, heat energy, water and gas, water processing, loading and unloading on railways, river transport, terminals, storage, design, research and development, Four Technologies' services, property management, leasing, education, media, advertisement production, advertisement publication.

Resolution 5 2006 Annual General Meeting to be held at 9:00a.m. at Pine City Hotel, 8 Dongan Road, Shanghai on 19 June 2007 was considered and approved (with 12 votes in favor, 0 vote against, 0 abstention).

The notice of Annual General Meeting will be published later.

Resolution 6 The mandate to authorise the President to sell, when the opportunity arises, no more than 50% of the shares of Shanghai Pudong Development Bank Co., Ltd. (Pudong Development Bank) held by the Company within year 2007 was approved (with 12 votes in favor, 0 vote against, 0 abstention).

The Company holds an aggregate of 20,485,075 shares in Pudong Development Bank with a book value of RMB15,000,000. Such shares represent 0.52% of the total share capital of Pudong Development Bank and will become available for listing and circulation by May 2007.

Sinopec Shanghai Petrochemical Company Limited

Shanghai, the PRC, 26 April 2007

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.

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

(Stock Code: 338)

2007 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 INFORMATION

- 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, senior management warrant that there are no material omissions from, or misrepresentation or misleading statement contained in 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 have not been audited.
- 1.4 Mr. Rong Guangdao, Chairman and President of the Company, Mr. Han Zhihao, Director and Chief Financial Officer overseeing the accounting operations and Mr. Hua Xin, Finance Manager (Accounting Chief) in charge of the Accounting Department make representations in respect of the truthfulness and completeness of the financial statements contained in this quarterly report.

2 BASIC INFORMATION OF THE COMPANY

2.1 Major Accounting Data and Financial Indicators

Currency: RMB

| | 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 (000) | 29,594,453 | 28,098,679 | 5.32 |
| Shareholders' equity (excluding minority interests) (000) | 20,478,109 | 19,412,895 | 5.49 |

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| | | | |
|----------------------------------|-------|-------|------|
| Net assets value per share (RMB) | 2.844 | 2.696 | 5.49 |
|----------------------------------|-------|-------|------|

| | From the beginning of the year to the end of the reporting period | Increase/ (decrease) as compared to the same period of the previous year (%) |
|---|--|---|
| Net cash flow from operating activities (000) | 785,219 | |
| Net cash flow per share from operating activities (RMB) | 0.109 | |

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| | The reporting period | From the beginning of the year to the end of the reporting period | Increase/ (decrease) as compared to the same period of the previous year (%) |
|--|----------------------|---|--|
| Net profit attributable to equity shareholders of the company (000) | 1,065,214 | 1,065,214 | |
| Basic earnings per share (RMB) | 0.148 | 0.148 | |
| Diluted earnings per share (RMB) | 0.148 | 0.148 | |
| Return on net assets (%) | 5.202 | 5.202 | Increase 6.013 percentage points |
| Return on net assets excluding non-recurring items (%) | 5.327 | 5.327 | Increase 6.170 percentage points |

| Non-recurring items | From the beginning of the year to the end of the reporting period (000) |
|---|--|
| Loss on disposal of long-term equity investments | -7,659 |
| Non-operating expenses (excluding normal provisions on assets provided in accordance with PRC Accounting Standard for Business Enterprises) | -26,466 |
| Reversal of the impairment provisions on assets which had been provided in prior years | 49 |
| Non-operating income | 3,996 |
| Income tax effect | 4,512 |
| Total | -25,568 |

2.2 Number of shareholders at the end of the reporting period and top ten shareholders (share segregation reform not yet completed)*Unit: share*

| | |
|---|---------|
| Number of shareholders at the end of the reporting period (unit) | 107,002 |
|---|---------|

Top ten holders of shares in circulation

| Name of Shareholder (in full) | Number of shares in circulation held at end of the reporting period | Type of shares |
|---|---|---------------------------------|
| HKSCC (Nominees) Ltd. | 1,925,543,401 | Overseas listed foreign shares |
| Hong Kong & Shanghai Banking Corporation (Nominees) Limited | 356,774,000 | Overseas listed foreign shares |
| China Construction Bank Bosera Thematic Sector Equity Securities Investment Fund | 12,000,000 | RMB-denominated ordinary shares |
| Industrial and Commercial Bank of China Zhonghai Energy Strategy Securities Investment Fund | 11,685,501 | RMB-denominated ordinary shares |
| Inner Mongolia Chuang-Xin Asset Management Company Limited () | 10,418,710 | RMB-denominated ordinary shares |
| HKSCC (Nominees) Limited | 10,402,000 | Overseas listed foreign shares |

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| Name of Shareholder (in full) | Number of shares in circulation held at end of the reporting period | Type of shares |
|---|---|---------------------------------|
| Goldman Sachs Assets Management International China Fund, Goldman Sachs International | 8,219,300 | RMB-denominated ordinary shares |
| China Merchants Bank Co., Ltd. Shang Zheng Hong Li JiaoYi Xing Kai Fang Shi Securities Investment Fund | 6,484,948 | RMB-denominated ordinary shares |
| Industrial and Commercial Bank of China Shang Zheng 50 Jiao Yi Xing Kao Fang Shi Index Securities Investment Fund | 6,452,815 | RMB-denominated ordinary shares |
| Yu-Yang Securities Investment Fund | 6,000,000 | RMB-denominated ordinary shares |

3 IMPORTANT ITEM

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

Unit: RMB 000

| Item | For the three months ended of 31 March | | Increase/decrease amount | Change (%) | Reasons for change |
|---------------------------|--|-----------|--------------------------|------------|---|
| | 2007 | 2006 | | | |
| Operating profit/(losses) | 1,261,486 | (109,600) | 1,371,086 | | A decrease of the cost of crude oil processing and an increase of the prices of the major products as compared to the corresponding period of the previous year |
| Total profit/(losses) | 1,239,016 | (126,901) | 1,365,917 | | |
| Net profit/(losses) | 1,078,490 | (136,172) | 1,214,662 | | |
| Investment income | 225,662 | 105,371 | 120,291 | 114.16 | Investment gain from Shanghai Secco Petrochemical Company Limited increased substantially |

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| Item | 31 March 2007 | 31 December 2006 | Increase/ decrease amount | Change (%) | Reasons for change |
|--------------------------|--------------------------|-----------------------------|--|-----------------------|---|
| Bills receivable | 1,738,163 | 1,273,233 | 464,930 | 36.52 | Mainly due to a relatively large decrease in discount amount for bills |
| Construction in progress | 1,249,021 | 2,009,797 | -760,776 | -37.85 | Mainly due to the completion and commencement of the 380,000 tons/year ethylene glycol project and leading to a transfer of this item into fixed assets |
| Trade creditors | 2,195,870 | 1,510,688 | 685,182 | 45.36 | Mainly due to an increase in amounts payable for crude oil purchases |

3.2 Reason for the projection of possible losses in accumulated net profit for the period of the beginning of the year to the next reporting period or the warning for possible significant changes as compared to the same period of the previous year.

During the first quarter of 2007, the Group's crude oil processing cost reported a decrease as compared to the same period of the previous year, while the prices of major products increased as compared to the same period of the previous year. Accordingly, the 2007 first quarterly results reported a substantial growth over the same period of the previous year and it is expected that the Group's overall results for the period ending 30 June 2007 will turn from a loss to a profit.

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Balance Sheet****31 March 2007***RMB 000 (Unaudited)*

| Item | The Group | | The Company | |
|---|--------------------------------|---------------------------------------|--------------------------------|---------------------------------------|
| | At the end of the period | At the Beginning of the year | At the end of the period | At the Beginning of the year |
| Current assets | | | | |
| Cash at bank and in hand | 1,038,792 | 894,650 | 628,192 | 551,693 |
| Bills receivable | 1,738,163 | 1,273,233 | 1,384,528 | 980,026 |
| Trade debtors | 826,917 | 624,890 | 498,018 | 347,630 |
| Advance payments | 287,127 | 350,895 | 255,007 | 328,882 |
| Dividend receivable | 274,293 | | 267,479 | |
| Other debtors | 137,587 | 236,227 | 234,912 | 241,935 |
| Inventories | 4,874,668 | 4,163,256 | 4,331,826 | 3,584,431 |
| Total current assets | 9,177,547 | 7,543,151 | 7,599,962 | 6,034,597 |
| Non-current assets | | | | |
| Available-for-sale financial assets | 81,119 | 81,119 | 66,994 | 66,994 |
| Long-term equity investments | 3,490,259 | 3,536,402 | 5,387,456 | 5,514,488 |
| Investment property | 508,101 | 501,904 | 580,517 | 584,248 |
| Fixed assets | 14,286,585 | 13,606,924 | 12,685,073 | 11,842,516 |
| Construction in progress | 1,249,021 | 2,009,797 | 1,244,459 | 2,006,055 |
| Intangible assets | 599,798 | 605,719 | 488,988 | 496,160 |
| Long-term deferred expenses | 173,540 | 185,180 | 165,841 | 176,213 |
| Deferred tax assets | 28,483 | 28,483 | 28,483 | 28,483 |
| Total non-current assets | 20,416,906 | 20,555,528 | 20,647,811 | 20,715,157 |
| Total assets | 29,594,453 | 28,098,679 | 28,247,773 | 26,749,754 |
| Liabilities and Shareholders equity | | | | |
| Current liabilities | | | | |
| Short-term loans | 1,494,801 | 1,853,692 | 1,174,801 | 1,618,692 |
| Bills payable | 149,210 | 42,726 | 132,790 | 1,141 |
| Trade creditors | 2,195,870 | 1,510,688 | 1,530,040 | 879,972 |
| Receipts in advance | 309,282 | 403,620 | 232,444 | 373,774 |
| Employee benefits | 106,372 | 89,458 | 53,550 | 39,800 |
| Taxes payable | 231,850 | 269,498 | 231,870 | 271,382 |
| Interest payable | 43,741 | 26,386 | 41,003 | 26,386 |
| Other payables | 487,870 | 397,382 | 849,980 | 604,183 |
| Short-term bonds payable | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Current portion of non-current liabilities | 432,644 | 416,645 | 403,644 | 383,034 |
| Total current liabilities | 7,451,640 | 7,010,095 | 6,650,122 | 6,198,364 |
| Non-current liabilities | | | | |
| Long-term loans | 1,039,944 | 1,063,654 | 850,000 | 873,710 |
| Deferred tax liabilities | 24,333 | 24,672 | 22,648 | 22,987 |
| Other non-current liabilities | 248,850 | 251,350 | 248,850 | 251,350 |
| Total non-current liabilities | 1,313,127 | 1,339,676 | 1,121,498 | 1,148,047 |
| Total liabilities | 8,764,767 | 8,349,771 | 7,771,620 | 7,346,411 |
| Shareholders equity | | | | |

| | | | | |
|---------------|-----------|-----------|-----------|-----------|
| Share capital | 7,200,000 | 7,200,000 | 7,200,000 | 7,200,000 |
|---------------|-----------|-----------|-----------|-----------|

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| Item | The Group | | The Company | |
|---|--------------------------|------------------------------|--------------------------|------------------------------|
| | At the end of the period | At the Beginning of the year | At the end of the period | At the Beginning of the year |
| Capital reserves | 2,967,556 | 2,967,556 | 2,958,004 | 2,958,004 |
| Less: Treasury shares | | | | |
| Surplus reserves | 4,610,707 | 4,610,707 | 4,610,707 | 4,610,707 |
| Undistributed profits (including dividend declared after the balance sheet date of RMB288,000,000 (2005: RMB720,000,000)) | 5,699,846 | 4,634,632 | 5,707,442 | 4,634,632 |
| Total equity attributable to equity shareholders of the company | 20,478,109 | 19,412,895 | | |
| Minority interests | 351,577 | 336,013 | | |
| Total shareholder s equity | 20,829,686 | 19,748,908 | 20,476,153 | 19,403,343 |
| Total liabilities and shareholder s equity | 29,594,453 | 28,098,679 | 28,247,773 | 26,749,754 |

Income Statements**January to March 2007***RMB 000 (Unaudited)*

| Item | The Group | | The Company | |
|--|----------------------|---|----------------------|---|
| | The reporting period | Corresponding period of the previous year | The reporting period | Corresponding period of the previous year |
| Operating income | 12,844,301 | 11,532,711 | 11,425,748 | 10,533,829 |
| Less: Cost of sales | 11,123,462 | 11,119,760 | 9,814,781 | 10,274,213 |
| Sales taxes and surcharges | 184,368 | 164,019 | 181,851 | 159,144 |
| Selling expenses | 112,775 | 138,010 | 88,332 | 109,056 |
| Administrative expenses | 336,900 | 287,785 | 291,936 | 233,754 |
| Financial expenses | 51,021 | 38,108 | 42,774 | 27,869 |
| Asset impairment losses | (49) | | | |
| Add: Investment income | 225,662 | 105,371 | 230,565 | 139,565 |
| Including: Investment income from associates and joint ventures | 233,321 | 79,842 | 228,742 | 77,996 |
| Operating profit/(losses) | 1,261,486 | (109,600) | 1,236,639 | (130,642) |
| Add: Non-operating income | 3,996 | 9,026 | 3,002 | 648 |
| Including: Income from disposal of non-current assets | 16 | 1,181 | | 576 |
| Less: Non-operating expenses | 26,466 | 26,327 | 18,358 | 21,768 |
| Including: Net loss from disposal of non-current assets | 5,091 | 803 | 3,623 | |
| Total profit/(losses) | 1,239,016 | (126,901) | 1,221,283 | (151,762) |
| Less: Income tax | 160,526 | 9,271 | 148,473 | 378 |
| Net profit/(losses) | 1,078,490 | (136,172) | 1,072,810 | (152,140) |
| Net profit/(losses) attributable to equity shareholders of the company | 1,065,214 | (152,140) | 1,072,810 | (152,140) |
| Minority interests | 13,276 | 15,968 | | |
| | 1,078,490 | (136,172) | 1,072,810 | (152,140) |
| Earnings per share | | | | |
| (a) Basic earnings per share | 0.148 | -0.021 | 0.149 | -0.021 |

| | | | | |
|--------------------------------|-------|--------|-------|--------|
| (b) Diluted earnings per share | 0.148 | -0.021 | 0.149 | -0.021 |
|--------------------------------|-------|--------|-------|--------|

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Note: Effective from 1 January 2007, the Company implemented the Accounting Standard for Business Enterprises (the New Accounting Standards) announced by the Ministry of Finance in 2006. The Company has made retrospective adjustments for the accounting policy changes (mainly the capitalisation of ordinary borrowing costs) caused by the implementation of the New Accounting Standards. The retrospective adjustments led to a RMB2.143 million decrease in the Company's net loss attributable to equity shareholders of the parent company for the three months ended 31 March 2006.

Cash Flow Statements**January to March 2007**

RMB 000 (Unaudited)

| Item | The Group | | The 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 service | 14,367,290 | 13,212,128 | 12,660,917 | 11,958,580 |
| Refund of taxes and levies | 5,362 | 3,226 | | |
| Other cash received relating to operating activities | 15,928 | 32,177 | 13,755 | 29,491 |
| Sub-total of cash inflows | 14,388,580 | 13,247,531 | 12,674,672 | 11,988,071 |
| Cash paid for goods and services | (12,831,488) | (13,302,398) | (11,214,278) | (12,106,800) |
| Cash paid to and on behalf of employees | (372,424) | (448,138) | (313,994) | (317,015) |
| Tax paid | (329,836) | (202,003) | (313,198) | (173,275) |
| Other cash paid relating to operating activities | (69,613) | (71,342) | (54,583) | (55,550) |
| Sub-total of cash outflows | (13,603,361) | (14,023,881) | (11,896,053) | (12,652,640) |
| Net cash flows from operating activities | 785,219 | (776,350) | 778,619 | (664,569) |
| Cash flows from investing activities | | | | |
| Cash received from disposal of investments | 4,188 | 183,557 | 4,188 | 144,400 |
| Cash received from investment income | 2,142 | | 1,824 | 80,001 |
| Cash received from disposal of fixed assets, intangible assets and other long-term fixed assets | 32,292 | 21,113 | 1,446 | 971 |
| Other cash received relating to investing activities | 7,266 | 17,707 | 3,496 | 12,853 |
| Sub-total of cash inflows | 45,888 | 222,377 | 10,954 | 238,225 |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term fixed assets | (266,422) | (322,099) | (221,163) | (298,962) |
| Sub-total of cash outflows | (266,422) | (322,099) | (221,163) | (298,962) |
| Net cash flows from investing activities | (220,534) | (99,722) | (210,209) | (60,737) |
| Cash flows from financing activities | | | | |
| Proceeds from borrowings | 3,284,649 | 3,901,115 | 3,150,446 | 3,779,674 |
| Proceeds from issuance of corporate bonds (excluding issue expenses) | | 973,800 | | 973,800 |
| Sub-total of cash inflows | 3,284,649 | 4,874,915 | 3,150,446 | 4,753,474 |
| Repayment of borrowings | (3,651,251) | (4,297,494) | (3,597,437) | (4,248,289) |
| Cash paid for interest | (53,092) | (79,836) | (44,906) | (77,149) |
| Sub-total of cash outflows | (3,704,343) | (4,377,330) | (3,642,343) | (4,325,438) |
| Net cash flows from financing activities | (419,694) | 497,585 | (491,897) | 428,036 |

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| Item | The Group | | The Company | |
|---|----------------------|---|----------------------|---|
| | The reporting period | Corresponding period of the previous year | The reporting period | Corresponding period of the previous year |
| Effect of foreign exchange rate changes | (849) | (475) | (14) | (3) |
| Net increase/(decrease) in cash and cash equivalents | 144,142 | (378,962) | 76,499 | (297,273) |
| Add: Balance at cash and cash equivalents as at the beginning of the period | 894,650 | 1,347,237 | 551,693 | 821,564 |
| Balance of cash and cash equivalents as at the end of the period | 1,038,792 | 968,275 | 628,192 | 524,291 |
| Supplementary Information | | | | |
| 1. Reconciliation of net profit/(losses) to cash flow from operating activities | | | | |
| Net profit/(losses) | 1,065,214 | (152,140) | 1,072,810 | (152,140) |
| Minority interests | 13,276 | 15,968 | | |
| Provision for bad debts | (49) | 3,703 | | |
| Fixed asset depreciation | 415,886 | 466,849 | 350,666 | 380,837 |
| Amortization of intangible assets | 5,122 | 3,363 | 3,286 | 3,363 |
| Amortization of long-term deferred expenses | 19,794 | | 18,552 | |
| Loss/(income) on disposal of fixed assets | 5,075 | (378) | 3,623 | (576) |
| Financial expenses | 62,969 | 65,319 | 53,527 | 54,987 |
| Income from investments | (225,662) | (105,371) | (230,565) | (139,565) |
| (Increase)/decrease in deferred tax liabilities | (339) | 378 | (339) | 378 |
| Increase in inventories | (711,412) | (412,456) | (747,395) | (466,758) |
| Increase in operating receivables | (525,113) | (418,094) | (492,349) | (314,668) |
| Increase/(decrease) in operating payables | 660,458 | (243,491) | 746,803 | (30,427) |
| Net cash flows from operating activities | 785,219 | (776,350) | 778,619 | (664,569) |
| 2. Net changes in cash and cash equivalents | | | | |
| Cash and cash equivalents at the end of the period | 1,038,792 | 968,275 | 628,192 | 524,291 |
| Less: cash and cash equivalents at the beginning of the period | 894,650 | 1,347,237 | 551,693 | 821,564 |
| Net increase/(decrease) in cash and cash equivalents | 144,142 | (378,962) | 76,499 | (297,273) |

By order of the Board

Rong Guangdao*Chairman*

Shanghai, the PRC, 26 April 2007

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.