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中國石化儀征化纖股份有限公司
SINOPEC YIZHENG CHEMICAL FIBRE COMPANY LIMITED
(a joint stock limited company established in the People's Republic of China)
(Stock code: 1033)

Announcement on Annual Results 2012

The Board of Directors **("the Board")** and the Supervisory Committee of Sinopec Yizheng Chemical Fibre Company Limited ("**the Company**") and its directors, supervisors and senior management warrant that there are no false representations, misleading statements or material omissions in this announcement and individually and jointly accept full responsibility for the authenticity, accuracy and completeness of the information contained in this announcement.

The content of the annual results for this year is extracted from the Annual Report. In order to understand the detailed content, the investors should read the full text of the Annual Report.

The Board of the Company has pleasure in presenting to you the audited annual results of the Company for the year ended 31 December 2012.

1. COMPANY PROFILE

(1). Legal name:	Sinopec Yizheng Chemical Fibre Company Limited 中國石化儀征化纖股份有限公司
Abbreviation:	YCF 儀征化纖
(2). Legal representative:	Mr. Lu Li-yong
(3). Registered and office address:	Yizheng City, Jiangsu Province, China
Postal code:	211900
Telephone:	86-514-83232235
Fax:	86-514-83233880
Internet website:	http://www.ycfc.com
E-mail:	cso@ycfc.com
(4). Secretary to the Board:	Mr. Tom C.Y. Wu
Address:	The Board Secretary Office Sinopec Yizheng Chemical Fibre Company Limited Yizheng City, Jiangsu Province, China
Telephone:	86-514-83231888
Fax:	86-514-83235880
E-mail:	cso@ycfc.com

(5). Domestic Newspapers to disclose information: China Securities, Shanghai Securities News, Securities Times

Internet website designated by HKSE to disclose information: http://www.hkexnews.hk

Internet website designated by the China Securities Regulatory Commission ("CSRC") to publish the annual report: http://www.sse.com.cn

Place where the annual report available for inspection: The Board Secretary Office
Sinopec Yizheng Chemical Fibre Company Limited

(6). Places of listing, names and codes of the stock:

H share	*A share*
- The Stock Exchange of Hong Kong Limited ("**HKSE**")	- Shanghai Stock Exchange ("**SSE**")
- Stock name: Yizheng Chemical Fibre	- Stock name: S Yihua
- Stock code: 1033	- Stock code: 600871

2. SUMMARY OF THE FINANCIAL PRINCIPAL INFORMATION AND FINANCIAL INDICATORS OF THE COMPANY

(1) Extracted from the financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs")

For the year ended 31 December or as at 31 December

Unit: RMB'000

	2012	2011	2010 (as restated)	2009 (as restated)	2008 (as restated)
Turnover	**16,987,916**	20,179,768	16,348,366	13,225,029	15,224,524
(Loss)/ profit before taxation	**(536,627)**	1,042,190	1,140,343	382,018	(1,554,592)
Income tax(credit) / expense	**(178,171)**	202,958	(86,954)	-	90,693
(Loss)/ profit attributable to equity shareholders of the Company	**(358,456)**	839,232	1,227,297	382,018	(1,645,285)
Total assets	**11,138,204**	11,449,599	10,531,202	9,145,813	8,417,284
Total liabilities	**2,624,721**	2,457,660	2,258,495	2,100,403	1,753,892
Total equity attributable to equity shareholders of the Company	**8,513,483**	8,991,939	8,272,707	7,045,410	6,663,392
Basic and diluted (loss)/ earnings per share	RMB **(0.090)**	RMB 0.210	RMB 0.307	RMB 0.096	RMB (0.411)
Net assets per share	RMB **2.128**	RMB 2.248	RMB 2.068	RMB 1.761	RMB 1.666
Ratio of shareholders' equity	**76.43%**	78.53%	78.55%	77.03%	79.16%
Return on net assets	**(4.21%)**	9.33%	14.84%	5.42%	(24.69%)

(2) Extracted from the financial statements prepared in accordance with the PRC Accounting Standards for Business Enterprises ("ASBE")

2.1 Principal financial data

Unit: RMB'000

	For the year 2012	For the year 2011	Year-on-year change（%）	For the year 2010
Operating income	**16,987,916**	20,179,768	(15.8)	16,348,366
Operating (loss)/ profit	**(561,987)**	979,056	(157.4)	1,131,060
(Loss)/ profit before income tax	**(539,538)**	1,042,001	(151.8)	1,139,588
Net (loss)/ profit attributable to equity shareholders of the Company	**(361,367)**	839,043	(143.1)	1,226,542
Net (loss)/ profit deducted extraordinary gain and loss attributable to equity shareholders of the Company	**(382,833)**	778,080	(149.2)	1,218,221
Net cash (outflow)/inflow from operating activities	**(967,719)**	(270,247)	Not applicable	1,600,805
	As at the end of 2012	As at the end of 2011	Year-on-year change（%）	As at the end of 2010
Total assets	**11,138,204**	11,449,599	(2.7)	10,531,202
Total liabilities	**2,588,866**	2,418,974	7.0	2,218,865
Total equity attributable to equity shareholders of the Company	**8,549,338**	9,030,625	(5.3)	8,312,337

2.2 Principal financial indicators

	For the year 2012	For the year 2011	Year-on-year change（%）	For the year 2010

Basic (loss)/ earnings per share (RMB)	**(0.090)**	0.210	(143.1)	0.307
Diluted(loss)/ earnings per share (RMB)	**(0.090)**	0.210	(143.1)	0.307
Basic (loss)/ earnings per share net of extraordinary gain and loss (RMB)	**(0.096)**	0.195	(149.2)	0.305
Weighted average return on net assets (%)	**(4.11)**	9.68	Decrease 13.79 percentage points	15.97
Weighted average return on net assets net of extraordinary gain and loss (%)	**(4.36)**	8.97	Decrease 13.33 percentage points	15.86
Net cash (outflow) / inflow from operating activities per share (RMB)	**(0.242)**	(0.068)	Not applicable	0.400
	As at the end of 2012	As at the end of 2011	Year-on-year change（%）	As at the end of 2010
Net assets per share attributable to equity shareholders of the Company (RMB)	**2.137**	2.258	(5.3)	2.078
Ratio of total liabilities to total assets (%)	23.24	21.13	Increase 2.11 percentage points	21.07

2.3 Extraordinary gain and loss items and amounts

Unit: RMB’000

Extraordinary gain and loss items	2012	2011	2010
Disposal of non-current assets	**12,104**	25,427	8,620
Government grants recognised in profit or loss during the year	**1,857**	4,503	2,462
Employee reduction expenses	**(578)**	(93)	(592)
Investments income from disposal of financial assets	**6,751**	16,557	832
Gain on changes in fair value of investments held for trading	**-**	(310)	310
Other non-operating income and expenses excluding the aforesaid items	**8,488**	33,015	(2,554)
Tax effect	**(7,156)**	(18,136)	(757)
Total	**21,466**	60,963	8,321

2.4 Items to which fair value measurement is applied

Unit: RMB '000

Items	Balance at the beginning of the current year	Balance at the end of the current year	Changes in the current year	Amount affecting the profit of the current year
Available-for-sale financial assets	200,000	-	(200,000)	4,740

(3) Differences between the financial statements of the Company prepared in accordance with PRC ASBE and IFRSs

RMB’000

	Net (loss)/ profit attributable to equity shareholders of the Company		**Total equity attributable to equity shareholders of the Company**	
	2012	2011	**2012**	2011
PRC ASBE	**(361,367)**	839,043	**8,549,338**	9,030,625
IFRSs	**(358,456)**	839,232	**8,513,483**	8,991,939

Please refer to the section 7.4 of the Financial Report in this announcement for explanations for the related differences.

3. INFORMATION ON CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

(1) Changes in the Company's share capital

During the reporting period, there was no change in the total amount of shares and the share structure of the Company. The Company acknowledged that, based on information available to the Company immediately before publishing the 2012 Annual Report, and understood by its Directors as well, the number of its shares held by the public met the requirements in the Rules Governing the Listing of Securities on the HKSE (the "**Listing Rule**")

(2) Information on shareholders

As at 31 December 2012, the shareholdings of the top ten major shareholders and circulating shareholders of the Company are as follows:

Number of shareholders at the end of the year		33,946	Number of shareholders at the end of the fifth business day before publishing the 2012 Annual Report		32,188
Details of the top ten major shareholders					
Names of shareholders	Nature of shareholders	Number of shares held at the end of the year (shares)	Percent to total share capital (%)	Number of non-circulating shares (shares)	Number of pledged or frozen shares*
China Petroleum & Chemical Corporation ("**Sinopec**")	Domestic legal person shareholder	1,680,000,000	42.00	1,680,000,000	Nil
Hong Kong Securities Clearing Company ("**HKSCC**") (Nominees) Limited**	Overseas capital shareholder	1,384,323,005	34.61	Circulating shares	Nil
CITIC Company Corporation ("**CITIC Company**") ***	Domestic legal person shareholder	720,000,000	18.00	720,000,000	Nil
China Construction Bank-CIFM China Advantage Securities Investment Fund	Domestic circulating shareholders	28,220,000	0.71	Circulating shares	Not Applicable
Ceng Zhao-lin	Domestic circulating shareholders	3,529,969	0.09	Circulating shares	Not Applicable
Zhongrong International Trust Company Limited-Rongxin No.89 Trust funds Contract	Domestic circulating shareholders	2,523,000	0.06	Circulating shares	Not Applicable
Lin You-ming	Domestic circulating shareholders	1,941,700	0.05	Circulating shares	Not applicable

IP KOW	Overseas capital shareholder	1,900,000	0.05	Circulating shares	Not Applicable
Zhongrong International Trust Company Limited-Zhongrong Dinghui No.1 Securities investment	Domestic circulating shareholders	1,749,940	0.04	Circulating shares	Not Applicable
Chen Zhang-hua	Domestic circulating shareholders	937,000	0.02	Circulating shares	Not Applicable

Details of the top ten circulating shareholders

Names of shareholders	**Number of circulating shares held at the end of year** (shares)	**Classification**
HKSCC (Nominees) Limited**	1,384,323,005	"H" shares
China Construction Bank-CIFM China Advantage Securities Investment Fund	28,220,000	Circulating "A" shares
Ceng Zhao-lin	3,529,969	Circulating "A" shares
Zhongrong International Trust Company Limited-Rongxin No.89 Trust funds Contract	2,523,000	Circulating "A" shares
Lin You-ming	1,941,700	Circulating "A" shares
IP KOW	1,900,000	"H" shares
Zhongrong International Trust Company Limited-Zhongrong Dinghui No.1 Securities investment	1,749,940	Circulating "A" shares
Chen Zhang-hua	937,000	Circulating "A" shares
Chen Zhang-you	800,000	Circulating "A" shares
Cheng Zhao-cheng	721,108	Circulating "A" shares
Explanation of connected relationship or activities in concert among the above shareholders	Except for Zhongrong International Trust Company Limited-Rongxin No.89 Trust funds Contract and Zhongrong International Trust Company Limited-Zhongrong Dinghui No.1 Securities investment, all of which are under the management of Zhongrong International Trust Company Limited, the Company is not aware of that there is any connected relationship or activities in concert among the above–mentioned shareholders.	

*Notes: * It represents the number of pledged or frozen shares held by shareholders who hold more than 5 per cent of the Company's shares during the reporting period.*

*** Shares held on behalf of different customers,*

****Shares held on behalf of the State. According to CITIC Company's comprehensive restructuring scheme approved by the Ministry of Finance People's Republic of China, CITIC Company made the investment based on most of its operating assets (including 720,000,000 non-circulating shares in the Company) to establish CITIC Limited with joint initiation of Beijing CITIC Enterprise Management CO., Ltd on 27 December 2011. CITIC Company has transformed into a wholly state-owned company through comprehensive restructuring and changed its name to CITIC Company Corporation. CITIC Company Corporation took over all business and assets of CITIC Company. The 720,000,000 non-circulating shares in the Company held by CITIC Company will transfer to CITIC Limited and the relative share transfer completed on 25 February 2013. Detailed information was disclosed in China Securities, Shanghai Securities News, Securities Times and the website of HKSE on 18 January 2012 and 28 February 2013 respectively.*

(3) The interest or short position held by the substantial shareholders and other persons in the Company's shares or underlying shares

As at 31 December 2012, so far as the Directors, Supervisors and Senior Management of the Company are aware of, each of the following persons, not being a Director, Supervisor or Senior Management of the Company, had an interest in the Company's shares which is required to be disclosed to the Company and the HKSE under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("**SFO**").

Name of shareholder	**Number of share held** (shares)	**Per cent of shareholding in the Company's total issued share capital** (%)	**Per cent of shareholding in the Company's total issued domestic shares** (%)	**Per cent of shareholding in the Company's total issued H shares** (%)	**Short position**
Sinopec*	1,680,000,000	42.00	64.62	Not applicable	-
CITIC	720,000,000	18.00	27.69	Not applicable	-

** As at 31 December 2012, China Petrochemical Corporation ("**CPC**") holds 76.28% of the equity interest in Sinopec.*

Save as disclosed above and so far as the Directors, Supervisors and Senior Management of the Company are aware of, as at 31 December 2012, no other person had an interest or short position in the Company's shares or underlying shares (as the case may be) which are required to be disclosed to the Company and the HKSE under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was otherwise a substantial shareholder (as such term is defined in the Listing Rules) of the Company.

(4) The holding shareholder

Name of the holding shareholder: Sinopec, holding 42 per cent of the Company's shares
Legal representative: Fu Cheng-yu
Date of establishment: 25 February 2000
Registered capital: RMB 86.82 billion
Principal activities: Engaged in exploring for and developing, producing and trading crude oil and natural gas; processing crude, producing petroleum products and trading, transporting, distributing and marketing petroleum products; producing, distributing and trading petrochemical products.

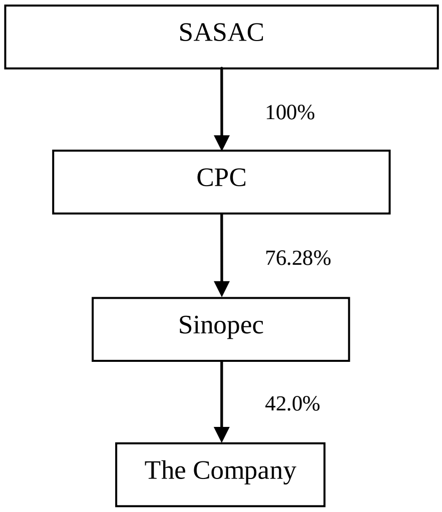
During the reporting period, there has been no change in the holding shareholder of the Company.

(5) The ultimate controller
Name of the ultimate controller: China Petrochemical Corporation ("**CPC**")*
Legal representative: Fu Cheng-yu
Date of establishment: 24 July 1998
Registered capital: RMB 231.6 billion

Principal activities: Through reorganization in 2000, CPC injected its principal petroleum and petrochemical operations into Sinopec, and retained operations in certain smaller scale petrochemical facilities and refineries, provision of well drilling services, oil testing services, in–well operation services, manufacture and maintenance of production equipment, engineering construction, utility services and social services.

During the reporting period, there has been no change in the ultimate controller of the Company.

* *CPC is a state-authorized investment organization and a state-controlled company, directed by State-owned Assets Supervision and Administration Commission of the State Council (“**SASAC”).***



4. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(1) Information on interests in share and remuneration of directors, supervisors and senior management

Name	Position	Sex	Age	Term of office	Number of "A" shares held for personal interests		Reason for change	Salaries before taxation (RMB)	Remuneration and allowance received from the corporate shareholders
					At the beginning of the year	At the end of the year			
Lu Li-yong	Chairman	M	51	Dec.2011 -Dec.2014	-	-	No Change	326,160	No
Sun Zhi-hong	Vice Chairwoman	F	63	Dec.2011 -Dec.2014	-	-	No Change	0	Yes
Xiao Wei-zhen	Vice Chairman and General Manager	M	59	Dec.2011 -Dec.2014	-	-	No Change	326,160	No
Long Xing-ping	Director	F	61	Dec.2011 -Dec.2014	-	-	No Change	0	Yes
Zhang Hong	Director	M	54	Dec.2011 -Dec.2014	-	-	No Change	0	Yes
Guan Diao-sheng	Director	M	50	Dec.2011 -Dec.2014	-	-	No Change	0	Yes
Sun Yu-guo	Director	M	49	Dec.2011 -Dec.2014	-	-	No Change	0	Yes
Shen Xi-jun	Director, Deputy General Manager	M	52	Dec.2011 -Dec.2014	-	-	No Change	278,220	No
Shi Zhen-hua	Independent Director	M	66	Dec.2011 -Dec.2014	-	-	No Change	50,000	No
Qiao Xu	Independent Director	M	51	Dec.2011 -Dec.2014	-	-	No Change	50,000	No
Yang Xiong-sheng	Independent Director	M	53	Dec.2011 -Dec.2014	-	-	No Change	50,000	No
Chen Fang-zheng	Independent Director	M	66	Dec.2011 -Dec.2014	-	-	No Change	50,000	No
Cao Yong	Chairman of Supervisory Committee	M	54	Dec.2011 -Dec.2014	-	-	No Change	278,220	No
Sun Shao-bo	Supervisor	M	52	Dec.2011 -Dec.2014	-	-	No Change	197,710	No
Chen Jian	Supervisor	M	50	Dec.2011 -Dec.2014	-	-	No Change	278,220	Yes
Shao Bin	Independent Supervisor	M	47	Dec.2011 -Dec.2014	-	-	No Change	40,000	No
Chu Bing	Independent Supervisor	M	40	Dec.2011 -Dec.2014	-	-	No Change	40,000	No
Li Jian-xin	Deputy General Manager	M	55	From Dec. 2011	-	-	No Change	278,220	No
Zhang Zhong-an	Deputy General Manager	M	52	From Dec. 2011	-	-	No Change	278,220	No
Li Jian-ping	Chief Financial Officer	M	50	From Dec. 2011	-	-	No Change	278,220	No
Tom C.Y. Wu	Secretary to the Board	M	51	From Dec. 2011	-	-	No Change	200,792	No
Liu Xiao-qin	Off position	M	47	Dec.2011- Aug. 2013	-	-	No Change	136,600	No

Information on share incentive provided to directors, supervisors and senior management during the reporting period

The Company has not implemented any share incentive scheme.

(2) Changes in Directors, Supervisors and Senior Management

The fifth meeting of the seventh session of the Board of the Company held on 27 August 2013 considered and approved the resolution regarding the request of Mr. Liu Xiao-qin to resign from his position as a Deputy General Manager of the Company for personal reasons.

(3) Directors', Supervisors' and Senior Management's rights to acquire shares and debentures and short position

As at 31 December 2012, none of the Directors, Supervisors and Senior Management of the Company had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the HKSE pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short position which any such Director, Supervisor or Senior Management is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register kept by the Company pursuant to section 352 of the SFO or which was required to be notified to the Company and the HKSE pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("**Model Code**") as contained in Appendix 10 to the Listing Rules.

5. REPORT OF THE BOARD

Financial figures, except where specifically noted, contained herein have been extracted from the financial statements prepared in accordance with the IFRSs.

A. Business review and prospect

The Company is one of the largest modernized manufacturing bases of chemical fibre and chemical fibre raw materials in the PRC. In terms of polyester capacity in 2012, the Company ranks the seventh largest polyester manufacturer in the world (Source: PCI Magazine 2012).

The Company is principally engaged in the production and sales of polyester chips and polyester fibre, and production of its raw materials purified terephthalic acid ("**PTA**"). Its principal activities include production and distribution of chemical fibre and petrochemical products, production of ancillary raw materials and textile machinery, research and development ("**R&D**") in textile technology, transportation and technological support for products manufactured by the Company.

1. Market review

In 2012, the recovery of the international economy was weak, the growth rate of Chinese economy decreased, the growth rate of China textile and clothes export significantly slowed down, and domestic and overseas demand for the polyester products continued to decline. As a consequence, prices of domestic polyester products dropped significantly compared with last year and its profit margins contracted sharply. Meanwhile, owning to rapid increase in domestic polyester production capacity, the over-supply situation of domestic polyester capacity further aggravated, competition in the polyester industry became more intensified.

In 2012, due to the significant increase in domestic polyester production capacity, the newly-added polyester production capacity was almost 5.5 million tonnes and the total polyester production capacity amounted to 38.34 million tonnes at the end of 2012. In 2012, the volume of the total domestic supply of polyester fibre amounted to 31,316,700 tonnes, an increase of 8.6 per cent over that of 2011, of the total volume, the domestic production volume increased by 9.5 per cent as compared with its amounts in 2011. Meanwhile, the domestic demand for polyester fibre steadily increased, but its growth rate has been slowed down. The total domestic consumption volume of polyester fibre amounted to 28,972,900 tonnes, an increase of 9.0 per cent over the 2011 amount, which was 0.1 percentage point lower than that of last year.

2. Production Operational Review

In 2012, facing the hard operating condition of falling product prices and weak demand, the Company had taken active countermeasures to effectively alleviate the negative impacts of external market through adhering to the policy of market orientation and profit centering, and by rigorously enforcing fine management, making all-out efforts to organize production and operation, optimizing product structure as well as reducing costs and expenses.

(1) Production and Marketing

In 2012, the Company's production facilities maintained safe and stable operations, and the production volume of main products steadily increased. The total production volume of polyester products amounted to 2,197,022 tonnes, an increase of 0.8 per cent compared with the 2,180,344 tonnes produced in 2011. The polyester capacity utilisation rate reached 92.4 per cent. The total production volume of PTA amounted to 1,044,223 tonnes, a light increase of 0.2 per cent compared with the 1,042,040 tonnes produced in 2011. In 2012, the Company vigorously responded to market changes, optimized the inventory structure of raw materials and products, dynamically adjusted product mix and operation and enhanced customer service. The Company's total sales volume of polyester products amounted to 1,752,556 tonnes in 2012, a decrease of 1.3 per cent compared with the 1,775,577 tonnes sold in 2011. Excluding self-consumption volume and other factors, the ratio of sales to production reached 99.8 per cent. In 2012, the Company's export volume of polyester products amounted to 69,366 tonnes, an increase of 4.3 per cent over the 66,484 tonnes for 2011.

(2) Cost control

In 2012, the weighted average price of the Company's polyester products (excluding VAT) decreased by 16.4 per cent compared with last year, while the weighted average purchase prices of the Company's principal purchased raw materials, such as PTA, mono-ethylene glycol ("MEG") and parxylene ("PX"), decreased by 11.3 per cent. The Company reinforced various measures including energy conservation, emission reduction, water saving and pollution control, through implementing green and low carbon development strategies, obtaining significant results. The unit energy consumption of main products decreased by 2.1 per cent and total COD discharge reduced by 1.1 per cent year-on-year. Various cost reduction and expenses control measures were remarkably fulfilled by strictly implementing overall target cost management. Due to the decrease in freight and insurance premium resulting from the drop in sales volume and the prices of products, the Company's selling expenses were 5.1 per cent lower than in 2011. Due to increase in employee costs, the Company's administrative expenses increased by 16.2 per cent compared with 2011. Due to the decrease in interest income from deposits and newly-emerged interest charges, net finance income decreased by 45.6 per cent compared with 2011.

(3) R&D

In 2012, the Company continued to step up efforts in research and development. As a "propeller" for growth, scientific and technological innovation led to obvious achievements. 11 new product development projects and 16 new product industrialization projects were completed. In 2012, 26 patent applications were filed and 9 patent rights were granted. In 2012, the Company achieved closer integration of production, marketing and research operations, accelerated product mix adjustment for more high value added products. The Company's total production volume of specialised polyester chips amounted to 938,630 tonnes; the specialised rate was 86.8 per cent, 2.6 percentage points lower than that of last year. The total production volume of differential polyester fibre amounted to 604,441 tonnes and the differential rate of polyester fibre was 88.5 per cent, 0.1 percentage points lower than that of last year.

(4) Internal reform and management

In 2012, the Company (1) continued to deepen enterprise management to effectively upgrade its management level and comprehensively promoted system standardization and informatization reform, and the Company's system management level and the ability of lawful administration were further improved; (2) Deepened overall target cost management and strictly control the budgeted targets by implementing the cost & expense reduction measures; (3) Strengthened quality management to maintain a comprehensive premium grade rate of more than 99.0 per cent for main products; (4) Enhanced the implementation of internal control system and risk management, adequately exerted supervisory functions of finance, auditing, monitoring and legislation to prevent corporate risks; (5) Implemented basic salary system with establishment of passages for talent development, and realized sustained growth of employee's income with more reasonable distribution patterns, which effectively mobilized enthusiasm of employees.

B. Result of Operation and Financial Position

1. Production volume

	For the year ended 31 December	
	2012	2011

	Production volume (tonnes)	**Per cent of total production volume (%)**	Production volume (tonnes)	Per cent of total production volume (%)
Polyester products				
Polyester Chips	1,080,984	49.2	1,072,566	49.2
Bottle-grade polyester chips	396,984	18.1	350,365	16.1
Staple fibre	525,913	23.9	525,715	24.1
Hollow fibre	57,028	2.6	44,773	2.0
Filament	136,113	6.2	186,925	8.6
Total	2,197,022	100.0	2,180,344	100.0

2. Sales volume

	For the year ended 31 December			
	2012		2011	
	Sales volume (tonnes)	**Per cent of total sales volume (%)**	Sales volume (tonnes)	Per cent of total sales volume (%)
Polyester products				
Polyester chips	654,856	37.4	699,297	39.4
Bottle-grade polyester chips	396,302	22.6	350,607	19.8
Staple fibre	541,297	30.9	529,639	29.8
Hollow fibre	56,788	3.2	45,246	2.5
Filament	103,313	5.9	150,788	8.5
Total	1,752,556	100.0	1,775,577	100.0

3. Average Prices for products (excluding VAT) (RMB/tonnes)

	For the year ended 31 December		
	2012	2011	Change (%)
Polyester products			
Polyester chips	8,821	10,505	(16.0)
Bottle-grade polyester chips	9,096	10,850	(16.2)
Staple fibre	9,711	11,732	(17.2)
Hollow fibre	11,450	12,489	(8.3)
Filament	10,121	12,372	(18.2)
Weighted average price	9,320	11,148	(16.4)

4. Turnover

	For the year ended 31 December			
	2012		2011	
	Turnover *RMB'000*	**Per cent of turnover (%)**	Turnover *RMB'000*	Per cent of turnover (%)
Polyester products				
Polyester chips	5,776,760	34.0	7,346,044	36.4
Bottle-grade polyester chips	3,604,853	21.2	3,804,094	18.9
Staple fibre	5,256,385	30.9	6,213,622	30.8
Hollow fibre	650,209	3.8	565,084	2.8
Filament	1,045,595	6.2	1,865,482	9.2
Others	654,114	3.9	385,442	1.9
Total	16,987,916	100.0	20,179,768	100.0

In 2012, though the Company has made great efforts in strengthening fine management, optimizing production and operations, endeavoring to further reduce costs and expenses, and optimizing the products structure, the Company's loss before taxation and loss attributable to equity shareholders of the Company was RMB 536,627,000 and RMB 358,456,000 respectively, while the Company's profit before taxation and profit attributable to equity shareholders of the Company for 2011 was RMB 1,042,190,000 and RMB 839,232,000 respectively, which was due to constantly weak polyester market, sharp fall in prices of polyester products and substantial decrease in profit margin of polyester products.

5. Financial analysis

The Company's primary sources of funds come from operating activities and the funds are primarily used for operating expenditures and capital expenditures.

(1) Assets, liabilities and shareholders' equity analysis

Total assets were RMB 11,138,204,000, representing a decrease of RMB 311,395,000 from that as at the end of 2011, of which: Current assets were RMB4,578,490,000, representing a decrease of RMB 1,552,166,000 from that as at the end of 2011. The decrease was mainly due to the decrease in cash and cash equivalents by RMB 1,344,794,000 owing to the net cash inflow from operating activities and the rise in net cash outflow from investing activities in 2012. Meanwhile, available-for-sale financial assets decreased by RMB 200,000,000 because the assets were redeemed at maturity in 2012. Non-current assets were RMB 6,559,714,000, representing an increase of RMB 1,240,771,000 from that as at the end of 2011, which was mainly due to the increase in construction in progress and interest in jointly controlled entity by RMB 669,680,000 and RMB 281,730,000 respectively in 2012. Meanwhile, deferred tax assets increased by RMB 189,503,000 because deferred tax assets were recognized in 2012 according to deductible tax losses.

Total liabilities were RMB 2,624,721,000, representing an increase of RMB 167,061,000 from that as at the end of 2011, of which: Current liabilities were RMB 2,569,618,000, an increase of RMB 166,959,000 as compared with the end of 2011, which was mainly due to the increase of RMB 405,000,000 in short-term borrowings and the decrease of RMB 238,041,000 in trade and other payables in 2012. Non-current liabilities were RMB 55,103,000, an increase of RMB 102,000 compared with the end of 2011.

Total equity attributable to equity shareholders of the Company was RMB 8,513,483,000, a decrease of RMB 478,456,000 as compared with the end of 2011, mainly due to RMB 358,456,000 for loss attributable to equity shareholders of the Company in 2012 and RMB 120,000,000of cash payment of final dividends for the year ended 31 December 2011. .

As at 31 December 2012, the ratio of total liabilities to total assets was 23.6 per cent, and 21.5 per cent as at 31 December 2011.

(2) Cash flow analysis

At the end of 2012, cash and cash equivalents decreased by RMB 1,344,794,000, representing a decrease from RMB 1,506,821,000 as at 31 December 2011 to RMB 162,027,000 as at 31 December 2012.

I In 2012, the Company's net cash outflow from operating activities was RMB 967,838,000, representing an increase of cash outflow by RMB 697,591,000 as compared with last year. This was mainly due to the decrease in the profit attributable to equity shareholders of the Company by RMB 1,197,688,000 as compared with last year and the decrease in tax paid by RMB 390,762,000 as compared with last year.

In 2012, the Company's net cash outflow from investing activities was RMB 661,956,000, an increase of cash outflow by RMB 235,222,000 as compared with last year. It was mainly due to the decrease in proceeds from maturity of deposits with an initial term more than three months by RMB 373,465,000 as compared with last year and the decrease in capital expenditure by RMB 147,345,000 as compared with last year.

In 2012, the Company's net cash inflow from financing activities was RMB 285,000,000, an increase of cash inflow by RMB 405,000,000 compared with last year. It was mainly due to newly increase in short-term borrowings by RMB 405,000,000 in 2012.

(3) Bank borrowings

As at 31 December 2012, the Company's bank borrowings were RMB 405,000,000 (as at 31 December 2011: nil). These borrowings will be due within one year, were fixed-rate loans and denominated in Renminbi.

(4) Assets pledge

For the year ended 31 December 2012, there was no ledge on the Company's assets.

(5) Management of foreign exchange risk

The Company's operations are mainly dominated in Renminbi and foreign currency needed was mainly dominated in US dollars. Receivable and payable items of the Company are settled immediately under trade accounts. Therefore, fluctuations in foreign exchange rates have no material adverse effect on the Company.

(6) *Gearing ratio*

As at December 31, 2012, the gearing ratio of the Company was 4.5% (as at 31 December 2011: nil). The ratio is computed as interest-bearing debts divided by the sum of interest-bearing debts and shareholders' equity.

6. Statement of the operations by products (prepared in accordance with PRC ASBE)

Products	**Operating income RMB'000**	**Cost of sales RMB'000**	**Gross profit margin (%)**	**Increase/(decrease) in operating income as compared with last year (%)**	**Increase/(decrease) in cost of sales as compared with last year (%)**	**Compared with last year**
Polyester Chips	5,776,760	5,640,980	2.4	(21.4)	(13.8)	Decreased by 8.5 percentage points
Bottle-grade polyester chips	3,604,853	3,486,452	3.3	(5.2)	0.9	Decreased by 5.9 percentage points
Staple and hollow fibre	5,906,594	5,619,246	4.9	(12.9)	(7.0)	Decreased by 6.0 percentage points
Filament	1,045,595	1,192,939	(14.1)	(44.0)	(33.6)	Decreased by 17.8 percentage points

7. Operating income by regions (prepared in accordance with PRC ASBE)

Region	Operating income Rmb'000	Increased from last year (%)
Mainland	16,345,233	(15.9)
Hong Kong, Macau, Taiwan, and overseas	642,683	(13.3)

8. Major suppliers and customers

Aggregate purchase amounts from the top	RMB	Per cent of total	63.7%

five largest suppliers	9,958,584,000	purchases	
Aggregate sales amounts to the top five largest customers	RMB 2,275,597,000	Per cent of total sales	13.4%

9. Capital expenditure
In 2012, the Company's capital expenditure amounted to RMB 1,504,067,000. The following table provided information on the Company's major construction projects and their returns in 2012.

Name of Main project	Amount invested in 2012 RMB'000	Progress of project	Project return (Actual production volume)
1, 4-butanediol project with an annual capacity of 100,000 tonnes	479,939	Equipment commissioning	-
Specialised polyester chip project with an annual capacity of 400,000 tonnes	240,000	Of which: sixteenth unit has been put into trial production, fifteenth unit is during Installing equipment period	33,529 tonnes
Differential staple fibre project with an annual capacity of 100,000 tonnes (third unit)	169,687	Completed	23,797 tonnes
Differential staple fibre project with an annual capacity of 100,000 tonnes (ninth unit)	97,269	Installing equipment	-
NCIC-YCFC hydrogen pipeline engineering project	62,996	Installing equipment	-
PTA joint project	278,251	Purchasing equipment	-
Others	175,925	-	-
Total	1,504,067	-	57,326 tonnes

C. Prospects

1. Market Analysis
In 2013, the domestic polyester industry is still facing difficult operating situation. Firstly, the market conditions could hardly make an effective and positive turning. The world economic situation is intricate and full of variations and uncertainties, and will continue to maintain a low speed growth trend. In view of ongoing appreciation of Renminbi, rising labor costs and prices of production factors hovering at high level, export of polyester products and its downstream textile products may encounter greater challenges. Secondly, international crude oil prices continue to oscillate at a high level, resulting in an increase of PX and MEG prices which used to be the tight supply raw materials, leaving no much room for significant expand of profit margins of polyester products. Thirdly, the newly added domestic polyester capacities will further deteriorate the overcapacity of polyester products and intensify industry competition. Nevertheless, the following advantages are existing in the meantime: Firstly, with Chinese economy showing signs of stability and positive development and a series of new policies being implemented, including facilitating the readjustment of industrial structure, emphasizing the development of real economy, actively promoting urbanization and positively expanding domestic demand, the domestic demand for the polyester products will be effectively stimulated to maintain steady rising. Secondly, with upgrading of polyester product chain, more usage of polyester products to substitute natural fibre such as cotton, the packing materials such as plastics and glass, and construction materials, as well as the enlarged demand for functional, industrial and differentiated fibres will bring about more opportunities for the development of polyester industry.

(2) Business strategy

In 2013, the Company will continue to push forward its sustainable and effective development by centering closely around enhancing development quality and effectiveness on the basis of safety and stability, scientifically organizing production and business operation under market orientation for the best possible economic efficiency, optimizing product structure and strengthening the enterprise management. To achieve these targets, the Company will focus on the following priorities in 2013:

I. Spare no efforts to exploit the business and strive to boost profitability

The Company will (1) strengthen the market analysis, promptly optimize its production and business strategy to boost the production and sales of value-added products and products with high economic benefit; (2) regulate the rhythm of sales and carry out low inventory strategy so as to realize full sales of all manufactured products for better economic benefits; (3) make adequate preparations for pre-sales of newly launched 1,4-butanediol project and staple fibre project and strive to ensure the balance between production and sales; (4) persist in its customer foremost philosophy, constantly broaden the content of its services to achieve a win-win situation between customers and the Company; (5) closely follow up and study domestic and international raw material markets, analyze market fluctuation and raw material inventory structure in a dynamic manner to ensure the raw material supplies while reducing procurement cost. The Company plans to sale 2,116,000 tonnes of polyester products, 65,000 tonnes of 1,4-butanediol and its related products and 1,200 tonnes of high performance PE fibre respectively to achieve the 100 per cent of sales-to-production ratio.

II. Pay adequate attentions to the safety and environmental protection to maintain safe and stable operation of facilities

The Company will fully implement HSE management system, implement safe production standardization, continue to deepen the locating and eliminating of hidden dangers and pay close attention to source control and prevention to ensure safe and stable production. The monitoring of facilities operation will be strengthened to avoid non-planned shutdown caused by fluctuation, which affects efficiency. Moreover, the Company will enhance the linking-up between production and sales to swiftly adjust product mix and operation load to increase the production of readily marketable and high value-added products. The upgrading of product and promoting of quality will be vigorously propelled to fully suit customer's demand, and the stable operation and quality improvement of new 1, 4-butanediol project and staple fibre project will be taken as key emphasis in work. In 2013, the Company plans to produce 2,606,000 tonnes of polyester products of which self-consumption volume is 489,000 tonnes, 1,037,000 tonnes of PTA, 65,000 tonnes of 1,4-butanediol and its related products, and 1,200 tonnes of high performance PE fibre respectively.

III. Intensify the efforts in technological innovation and strengthen the core competitiveness

The Company will further strengthen technological innovation, vigorously develop new products and technologies to improve technology content and added value of its products; propel the integration of production, marketing and research operations to accelerate adjustment of product structure and reinforce its efforts in the research and development, production and market exploitation of new products; continue to conduct technological development and modification to elevate the technical level of facilities, with emphases on technological breakthroughs and quality optimization of high performance PE fibre and aramid fibre, and actively carry out the basic research and applied research for the Company's sustainable development. In 2013, there are 16 new product items planned for development and 13 product items planned for industrialization. The Company's projected production volume of differentiated fibre and specialized polyester chips for 2013 will be 641,000 tonnes and 1,119,000 tonnes, respectively, while the differentiated rates for polyester fibre and specialized rates for polyester chip products are expected to be 77.9 per cent and 85.0 per cent.

IV. Strengthen fine management, greatly reduce costs and expenses, promote energy conservation and emission reduction

The Company will take standardization system as basis to deepen the construction of system and working procedure, commit to the mechanism of relying on system for enterprise management and employee management; give emphasis on "*three Bs*" (Basic level construction, Basic work and Basic skill training) to consolidate the management foundations; intensify overall target cost management and carry out the cost reduction and expenditure control measures to achieve the annual cost reduction targets; further propel energy conservation and emission reduction and adhere to the concepts of green, low carbon and sustainable development to fulfill its energy efficiency goals. In 2013, the projected annual comprehensive energy consumption of main products will decrease by 1.3 per cent compared with last year, and the total industrial water consumption will be controlled under 28 million tonnes and total COD of discharged sewage under 565 tonnes.

V. Accelerate effective development and place more emphasis on developing quality and effectiveness
In 2013, the Company will formulate its development plan in an overall manner to transform its development patterns through centering around the concept of better quality, more effective and sustainable development; enhance enterprise value by insisting on the development of raw materials as main role and refining core business; raise the added value of products by sticking to differentiated innovation and development. The Company will organize the production of 1,4-butanediol project with an annual capacity of 100,000 tonnes to realize stable operation at full load as soon as possible, and make efforts in market exploitation and products sales. Meanwhile, the Company will actively promote the construction of specialized polyester chip project with an annual capacity of 400,000 tonnes and the differentiated staple fibre project (ninth unit) with an annual capacity of 100,000 tonnes and endeavor to put two projects into operation in April and May 2013 respectively. The Company will also vigorously promote the construction of PTA joint venture project with expectation of putting it into operation in second half of 2014; and actively prepare to launch the construction of second phase high performance PE fibre project with an annual capacity of 3,000 tonnes and the kiloton level aramid fibre project.

The Company's capital expenditure for 2013 is expected to be approximately RMB 961,000,000, including: the 1,4-butanediol project with an annual capacity of 100,000 tonnes, specialised polyester chip project with an annual capacity of 400,000 tonnes, thermoelectricity manufacturing center environment comprehensive improvement project, NCIC-YCFC hydrogen pipeline engineering project and differential staple fibre project with an annual capacity of 100,000 tonnes (ninth unit) amounting to RMB 240,080, RMB 75,610,000, RMB 60,000, RMB 80,000 and RMB 92,990 respectively. To maximise its return on investment, the Company will strengthen its investment management in accordance with the prudence principle. The planned capital expenditures will be funded from cash generated from operations and bank credit facilities.

D. Proposed scheme of profit distribution
In accordance with the PRC Accounting Standards for Business Enterprises, the net loss of the Company for 2012 was RMB 361,367,000 (the loss attributable to equity shareholders of the Company for 2012 was RMB 358,456,000 under IFRSs). The total distributable profit, including the undistributed profit of RMB 1,683,448,000 brought forward from the previous year (deducting the final cash dividend of RMB 120,000,000 paid for the year 2011), was RMB 1,202,081,000 at the end of 2012.

According to the relevant regulations of the PRC and the Articles of Association of the Company, no final cash dividend would be paid for the year ended 31 December 2012.

The above proposed profit distribution scheme shall be submitted for approval at the 2012 AGM.

6. SIGNIFICANT EVENTS
(1) During the reporting period, the Company did not have any material litigation or arbitration.

(2) In accordance with the relevant laws and regulations of "Several Opinions of the State Council on Promoting the Reform, Opening-up and Stable Development of the Capital Market" (No.3, 2004 of the State Council) and "Guidance Opinions on the Share Reform of Listed Companies" jointly promulgated by CSRC, State-Owned Assets Supervision and Administration Commission of the State

Council, Ministry of Finance, People's Bank of China and Ministry of Commerce, the Company's non-circulating shareholders brought forward the proposal of share reform on 30 November 2007. After performing the operation process of share reform, the "Share Reform Scheme of Sinopec Yizheng Chemical Fibre Company Limited" was not passed by the shareholders' meeting of A share market relating to the share reform scheme held on 15 January 2008.

At present, the non-circulating shareholders are actively doing research in share reform and have not brought forward any new proposals of share reform.

(3) During the reporting period, the Company had not acquire or disposals of assets, nor any merger and acquisitions activities.

(4) Information on connected transactions

The Company's material connected transactions entered into during the year ended 31 December 2012 are as follows:

(a) The significant connected transactions relating to ordinary operation during the reporting period are as follow.

Related parties	Contents of transaction	Pricing and decision-making process of transaction with related parties	2012		2011	
			Amount of transaction RMB'000	Proportion of the same type of transaction (%)	Amount of transaction RMB'000	Proportion of the same type of transaction (%)
Sinopec and its subsidiaries	Purchase of raw materials	Based on normal commercial terms or relevant agreements	9,661,066	61.8	10,753,982	62.2
	Commission payable	Based on normal commercial terms or relevant agreements	65,410	100.0	67,462	100.0
CPC and its subsidiaries (Sinopec and its subsidiaries and Sinopec Finance are excluded)	Purchase of raw materials	Based on normal commercial terms or relevant agreements	9,681	0.1	-	-
	Construction and overhaul fee payable	Based on normal commercial terms or relevant agreements	104,519	8.5	68,558	6.6

	Miscellaneous service fee charges payable	Based on normal commercial terms or relevant agreements	6,350	100.0	6,350	100.0
	Sale of goods	Based on normal commercial terms or relevant agreements	548,467	3.2	298,274	1.5
	Insurance premium	Based on normal commercial terms or relevant agreements	18,797	100.0	3,700	100.0

In the opinion of the Company, that the above-mentioned connected transactions with related parties were necessary and continuously occurred, and that the agreements governing these transactions met the requirements of business operation of the Company and the market situation. Meanwhile, purchasing from the above related parties ensures a steady and secured supply of raw materials. Therefore, these connected transactions provided benefits to the Company. These transactions were negotiated at market prices and had no adverse effect on the Company's profit or independence.

(b) During the reporting period, there were no significant connected transactions related to the transfer of the asset or equity in the Company.

(c) During the reporting period, the Company did not supply any non-operating funds to the controlling shareholder or its subsidiaries.

The Board believes that the above transactions were under the ordinary course of business and on normal commercial terms or were in accordance with the terms of agreements governing these transactions. Details of connected transactions entered into by the Company during the reporting period, refer to note 5 of the financial statements prepared in accordance with the PRC Accounting Standards for Business Enterprises. Independent directors have reviewed the above-mentioned connected transactions according to the regulations as stipulated in the Listing Rules, and made necessary confirmation in written submitted to the Board on 25 March 2013. Auditors of the Company have reviewed the above-mentioned connected transactions and provided a letter to the Board on 25 March 2013.

(5) The Company did not lease, contract out or hold in trust any assets for other companies. Furthermore, the Company did not rent or contract any assets from other companies and did not have assets held by other companies.

(6) During the reporting period, the Company did not make any guarantee or did not have any secured assets.

(7) As at 31 December 2012, the Company did not have any designated deposits with any financial institutions or have any difficulties in collecting deposits upon maturity. The Company had no trusted financial matters during the reporting period.

(8) During the reporting period, the Company did not hold any shares of other listed companies or shares in financial enterprises such as commercial banks, securities companies, insurance companies, trust companies or futures companies. Neither did it hold shares in companies planning to list.

(9) Under the relevant requirements by the Ministry of Finance of the People's Republic of China and the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China, there are certain limits to the number of years for which an auditor may continuously undertake financial auditing work in respect of a state-owned enterprise and its subsidiaries. As a result, the Company will change the auditors. Through investigating the qualification, audit experience and human resources of auditors, the seventh meeting of the seventh term Board of Directors of the Company has resolved to appoint PricewaterhouseCoopers Zhong Tian CPAs Limited Company and PricewaterhouseCoopers as the Company's domestic and international auditors for 2013, appoint PricewaterhouseCoopers Zhong Tian CPAs Limited Company as the Company's auditor regarding internal control for 2013, and proposed to authorize the Board to fix their remuneration. The proposed appointment of auditors of the Company is subject to approval by the shareholders of the Company at the 2012 AGM.

(10) During the reporting period, neither the sixth term of the Board of the Company nor its Directors thereof were subject to any investigation by the CSRC, administrative penalty or circular of criticism released by the CSRC and the Securities and Futures Commission of Hong Kong, and reprimand published by SSE and HKSE.

7. FINANCIAL REPORT

7.1 Audit Opinion

The financial statements of Sinopec Yizheng Chemical Fibre Company Limited ("the **Company**") prepared under the PRC ASBE have been audited by Gong Wei-li and Xu Kan-ling of KPMG Huazhen (Special General Partnership)and an audit report with an unqualified audit opinion was issued on 25 March 2013. Also, the consolidated financial statements of the Company prepared under IFRSs have been audited by KPMG and an audit report with an unqualified audit opinion was issued on 25 March 2013.

7.2 Financial statements prepared in accordance with IFRSs

The following financial information has been extracted from the Company's audited financial statements, prepared in accordance with IFRSs, for the year ended 31 December 2011. As a result of the merger of the Company's sole subsidiary with the Company on 28 December 2011, the Company had no subsidiary during the year ended 31 December 2012. The comparative figures in the statement of comprehensive income, the statement of changes in equity, the cash flow statement and relevant explanatory notes represented the consolidated figures as previously reported.

Statement of comprehensive income
for the year ended 31 December 2012

	Note	**2012** *RMB'000*	**2011** *RMB'000* *(consolidated)*
Turnover	*3*	16,987,916	20,179,768
Cost of sales		(16,868,671)	(18,607,201)
Gross profit		119,245	1,572,567
Other income	*4*	36,155	71,315
Distribution costs		(209,179)	(220,430)
Administrative expenses		(513,169)	(441,685)
Other expenses		(10,875)	(12,711)
(Loss)/profit from operations		(577,823)	969,056
Finance income		33,293	58,747
Finance expenses		(2,327)	(1,860)
Net finance income		30,966	56,887
Investment income		6,751	16,247
Share of profit of a jointly controlled entity	*9*	3,479	-
(Loss)/profit before taxation	*5*	(536,627)	1,042,190
Income tax	*6(a)*	178,171	(202,958)
(Loss)/profit for the year		(358,456)	839,232

Statement of comprehensive income
for the year ended 31 December 2012 *(continued)*

	Note	**2012** *RMB'000*	**2011** *RMB'000 (consolidated)*
(Loss)/ profit for the year		(358,456)	839,232
Other comprehensive income for the year (after tax and reclassification adjustments)			
Available-for-sale financial assets: net movement in the fair value reserve		-	-
Total comprehensive (loss)/income for the year		(358,456)	839,232
Basic and diluted (loss)/earnings per share (in RMB)	*8*	(0.090)	0.210

Statement of financial position
at 31 December 2012

	Note	**2012** *RMB'000*	**2011** *RMB'000*
Non-current assets			
Property, plant and equipment		3,520,232	3,411,893
Construction in progress		1,870,881	1,201,201
Lease prepayments		271,743	280,224
Interest in a jointly controlled entity	*9*	584,819	303,089
Deferred tax assets	*6(c)*	312,039	122,536
		6,559,714	5,318,943
Current assets			
Available-for-sale financial assets	*10*	-	200,000
Inventories		1,735,734	1,756,664
Trade and other receivables	*11*	2,539,353	2,479,706
Prepaid taxation	6*(b)*	141,376	152,465
Deposits with banks		-	35,000
Cash and cash equivalents		162,027	1,506,821
		4,578,490	6,130,656
Current liabilities			
Trade and other payables	*12*	2,164,618	2,402,659
Loans	*13*	405,000	-
		2,569,618	2,402,659
Net current assets		2,008,872	3,727,997
Total assets less current liabilities		8,568,586	9,046,940
Non-current liabilities			
Deferred income		55,103	55,001
Net assets		8,513,483	8,991,939
Equity			
Share capital		4,000,000	4,000,000
Reserves	*14*	2,747,635	2,747,555
Retained profits		1,765,848	2,244,384
Total equity		8,513,483	8,991,939

Statement of changes in equity
for the year ended 31 December 2012

	Share capital *RMB'000*	Reserve *RMB'000*	Retained profits *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2011 *(consolidated)*	4,000,000	2,664,015	1,608,692	8,272,707
Dividends approved in respect of the previous year *(Note 7)*	-	-	(120,000)	(120,000)
Appropriation of statutory surplus reserve *(Note 14)*	-	83,540	(83,540)	-
Total consolidated comprehensive income for the year	-	-	839,232	839,232
Balance at 31 December 2011	4,000,000	2,747,555	2,244,384	8,991,939
Dividends approved in respect of the previous year *(Note 7)*	-	-	(120,000)	(120,000)
Appropriation of safety production fund *(Note 14)*	-	80	(80)	-
Total comprehensive loss for the year	-	-	(358,456)	(358,456)
Balance at 31 December 2012	4,000,000	2,747,635	1,765,848	8,513,483

Notes:

1 Principal activities and basis of preparation

The Company is principally engaged in the production and sale of chemical fibre and chemical fibre raw materials in the People's Republic of China **("the PRC")**. China Petroleum & Chemical Corporation is the Company's immediate parent company and China Petrochemical Corporation is the Company's ultimate holding company.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and interpretations issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company also prepares a set of financial statements which complies with the PRC ASBE. Significant differences between the financial statements prepared in accordance with IFRSs and the PRC ASBE are summarised in section 7.4.

2 Segment reporting

The Company manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Company's most senior executive management for the purposes of resource allocation and performance assessment, the Company has identified five reportable segments which manufacture and sell polyester chips, bottle-grade polyester chips, staple fibre and hollow fibre, filament and purified terephthalic acid ("**PTA**"). In view of the fact that the Company operates mainly in the PRC, no geographical segment information is presented.

(a) Segment results and assets

For the purposes of assessing segment performance and allocating resources between segments, the Company's senior executive management monitors the results and assets attributable to each reportable segment on the following bases:

Segment assets represent property, plant and equipment and inventories.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment revenue, assistance provided by one segment to another, including sharing of assets, is not measured.

The measure used for reporting segment profit is "gross profit" (including inter-segment profit).

In addition to receiving segment information concerning "gross profit" (including inter-segment profit), management is provided with segment information concerning revenue (including inter-segment revenue), depreciation, amortisation and impairment losses. Inter-segment revenue are priced with reference to market price.

Information regarding the Company’s reportable segments as provided to the Company’s most senior executive management for the purposes of resource allocation and assessment of segment performance for the year ended 31 December 2012 and 2011 is set out below:

	Polyester chips		Bottle-grade polyester chips		Staple fibre and hollow fibre		Filament		PTA		All others #		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	RMB’000	*RMB’000* *(consolidated)*	*RMB’000*	*RMB’000* *(consolidated)*	*RMB’000*	*RMB’000* *(consolidated)*	*RMB’000*	*RMB’000* *(consolidated)*	*RMB’000*	*RMB’000* *(consolidated)*	*RMB’000*	*RMB’000* *(consolidated)*	*RMB’000*	*RMB’000* *(consolidated)*
For the year ended 31 December														
Revenue from external customers	5,776,760	7,346,044	3,604,853	3,804,094	5,906,594	6,778,706	1,045,595	1,865,482	182,612	-	471,502	385,442	16,987,916	20,179,768
Inter-segment revenue	-	-	-	-	-	-	-	-	7,327,650	8,765,942	-	-	7,327,650	8,765,942
Reportable segment revenue	**5,776,760**	**7,346,044**	**3,604,853**	**3,804,094**	**5,906,594**	**6,778,706**	**1,045,595**	**1,865,482**	**7,510,262**	**8,765,942**	**471,502**	**385,442**	**24,315,566**	**28,945,710**
Gross (loss)/profit from external customers	(3,409)	211,670	42,316	47,825	171,651	295,046	(176,326)	(93,014)	(4,160)	-	(37,160)	15,574	(7,088)	477,101
Inter-segment profit	-	-	-	-	-	-	-	-	141,459	1,128,943	-	-	141,459	1,128,943
Reportable segment (loss)/profit	**(3,409)**	**211,670**	**42,316**	**47,825**	**171,651**	**295,046**	**(176,326)**	**(93,014)**	**137,299**	**1,128,943**	**(37,160)**	**15,574**	**134,371**	**1,606,044**
Depreciation and amortisation	63,212	59,917	13,821	18,150	40,177	35,809	8,000	13,899	163,154	140,182	117,219	96,642	405,583	364,599
Impairment of property, plant and equipment (“PP&E”)	-	370	-	-	-	-	-	71	-	4,412	-	432	-	5,285
Write-down of inventories	-	-	-	-	-	-	-	1,093	-	-	-	6,344	-	7,437
As at 31 December														
Reportable segment assets	**756,433**	**580,355**	**182,396**	**185,513**	**691,359**	**571,201**	**121,485**	**176,644**	**978,932**	**984,338**	**1,159,160**	**1,183,895**	**3,889,765**	**3,681,946**

Revenues from segments below the quantitative thresholds are mainly attributable to five operating segments of the Company including one logistics center, one power center, one water supply center, one thermal center and one high-fiber center. None of those segments met any of the quantitative thresholds for determining reportable segments.

(b) Reconciliations of reportable segment revenues, profit or loss, assets and other material items

	2012 *RMB'000*	**2011** *RMB'000* *(consolidated)*
Revenue		
Revenue for reportable segments excluding other revenue	23,844,064	28,560,268
Other revenue	471,502	385,442
Elimination of inter-segment revenue	(7,327,650)	(8,765,942)
Turnover	16,987,916	20,179,768

	2012 *RMB'000*	**2011** *RMB'000* *(consolidated)*
(Loss)/profit		
Profit for reportable segments excluding other profit	171,531	1,590,470
Other (loss)/profit	(37,160)	15,574
Unallocated losses	(15,126)	(33,477)
Gross profit	119,245	1,572,567
Other income	36,155	71,315
Distribution costs	(209,179)	(220,430)
Administrative expenses	(513,169)	(441,685)
Other expenses	(10,875)	(12,711)
Net finance income	30,966	56,887
Investment income	6,751	16,247
Share of profit of a jointly controlled entity	3,479	-
(Loss)/ profit before taxation	(536,627)	1,042,190

	2012	2011
	RMB'000	*RMB'000*
Assets		
Assets for reportable segments excluding other assets	2,730,605	2,498,051
Other assets	1,159,160	1,183,895
Unallocated assets	1,366,201	1,486,611
	5,255,966	5,168,557
Other non-current assets	3,039,482	1,907,050
Available-for-sale financial assets	-	200,000
Trade and other receivables	2,539,353	2,479,706
Prepaid taxation	141,376	152,465
Deposits with banks	-	35,000
Cash and cash equivalents	162,027	1,506,821
Total assets	11,138,204	11,449,599

	2012	2011
	RMB'000	*RMB'000* *(consolidated)*
Depreciation and amortisation		
Depreciation and amortisation for reportable segments excluding other depreciation and amortisation	288,364	267,957
Other depreciation and amortisation	117,219	96,642
Unallocated depreciation and amortisation	30,876	32,897
Total depreciation and amortisation	436,459	397,496

	2012	2011
	RMB'000	*RMB'000* *(consolidated)*
Impairment of PP&E		
Impairment of PP&E for reportable segments excluding other impairment of PP&E	-	4,853
Other impairment of PP&E	-	432
Total impairment of PP&E	-	5,285

	2012	2011
	RMB'000	*RMB'000*
		(consolidated)
Write-down of inventories		
Write-down of inventories for reportable segments excluding other write-down of inventories	-	1,093
Other write-down of inventories	-	6,344
Total write-down of inventories	-	7,437

3 Turnover

Turnover represents the sales value of goods supplied to customers, excluding value added tax and is after deduction of any sales discounts and returns.

4 Other income

	2012	2011
	RMB'000	*RMB'000*
		(consolidated)
Service charges received	17,078	-
Net gain on disposal of property, plant and equipment	12,104	25,427
Government grants	4,688	5,447
Reversal of loss on breach of contracts	1,286	19,175
Reversal of non-payable liabilities	964	19,902
Others	35	1,364
	36,155	71,315

5 (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging/(crediting):

(a) Net finance income

	2012 *RMB'000*	2011 *RMB'000* *(consolidated)*
Interest income	(26,731)	(53,722)
Net foreign exchange gain	(6,562)	(5,025)
Finance income	(33,293)	(58,747)
Interest expense	512	-
Others	1,815	1,860
Finance expenses	2,327	1,860
	(30,966)	(56,887)

For the years ended 31 December 2012 and 2011, no interest expense was capitalised for construction in progress.

(b) Other items

	2012 *RMB'000*	2011 *RMB'000* *(consolidated)*
Cost of inventories #	16,868,671	18,607,201
Employee's pension costs#		
- Municipal retirement scheme costs	101,382	86,525
- Supplementary retirement scheme costs	29,218	25,467
Staff costs#	907,162	815,106
Depreciation #	427,978	389,015
Repairs and maintenance expenses #	313,759	358,599
Research and development expenses	48,406	51,112
Auditors' remuneration - audit services	5,000	5,000
Impairment losses		
- Trade and other receivables	(2,496)	(8,075)
- Property, plant and equipment	-	5,285
Amortisation of lease prepayments	8,481	8,481

\# Cost of inventories includes RMB 1,345,368,000 (2011: RMB 1,316,319,000) relating to employee's pension costs, staff costs, depreciation, repairs and maintenance expenses which amount is also included in the respective total amounts disclosed separately in note 5(b) for each of these types of expenses.

6 Income tax

(a) Income tax in the statement of comprehensive income represents:

	2012	2011
	RMB'000	*RMB'000*
		(consolidated)
Current tax		
Provision for the year	-	118,253
Under-provision in respect of prior year	11,332	10,350
Deferred tax		
Origination and reversal of temporary differences	(189,503)	74,355
	(178,171)	202,958

The charge for PRC income tax is calculated at the rate of 25% (2011: 25%) on the estimated assessable income of the year determined in accordance with relevant income tax rules and regulations. The Company did not carry out business in Hong Kong or overseas and therefore does not incur Hong Kong Profits Tax or overseas income taxes.

The following is a reconciliation of income tax calculated at the Company's applicable tax rate with actual income tax for the year:

	2012	2011
	RMB'000	*RMB'000*
		(consolidated)
(Loss)/profit before taxation	(536,627)	1,042,190
Expected income tax using the Company's tax rate of 25%	(134,157)	260,548
Recognition of previously unrecognised deductible temporary differences	(48,464)	(66,415)
Tax effect of non-taxable income	(7,900)	(1,875)
Tax effect of non-deductible expenses	1,018	350
Under-provision in respect of prior year	11,332	10,350
Actual income tax	(178,171)	202,958

(b) Prepaid taxation in the statement of financial position represents:

	2012	2011
	RMB'000	*RMB'000*
Income tax prepayment	141,376	152,465

(c) Movements in the deferred tax assets are as follows:

	Balance at 1 January 2011 *RMB'000*	Recognised in consolidated statement of comprehensive income *RMB'000*	Balance at 31 December 2011 *RMB'000*	Recognised in statement of comprehensive income *RMB'000*	Balance at 31 December 2012 *RMB'000*
Current					
Provisions for receivables	1,460	(496)	964	(624)	340
Accrued expenses	6,411	(6,411)	-	17,312	17,312
Accrued sales rebate	11,783	(1,864)	9,919	(9,919)	-
Inventory	8,897	1,461	10,358	(5,622)	4,736
Non-current					
Unutilised tax losses	-	-	-	212,151	212,151
Property, plant and equipment	108,408	(11,192)	97,216	(24,528)	72,688
Impairment for investment in subsidiary	54,871	(54,871)	-	-	-
Deferred income	5,061	(982)	4,079	733	4,812
	196,891	(74,355)	122,536	189,503	312,039

At 31 December 2012, there is no unrecognised deferred tax asset in respect of deductible temporary differences (2011: RMB 193,856,000) or unutilised tax losses (2011: RMB nil).

7 Dividends

(a) Dividends payable attributable to the year

No final dividends were proposed after the balance sheet date in respect of the year ended 31 December 2012 (2011: RMB 120,000,000).

(b) Dividends payable attributable to the previous financial year, approved and paid during the year

	2012 *RMB'000*	**2011** *RMB'000*
Final dividend in respective of the previous financial year, approved and paid during the year, of RMB 0.03 per share (2011: RMB 0.03 per share)	120,000	120,000

8 (Loss)/earnings per share

(a) Basic (loss)/earnings per share

The calculation of basic loss per share is based on the loss of the Company of RMB 358,456,000 (2011: consolidated profit of RMB 839,232,000) and the weighted average number of ordinary shares of 4,000,000,000 (2011: 4,000,000,000) in issue during the year.

(b) Diluted (loss)/earnings per share

There were no dilutive potential ordinary shares in existence during the years ended 31 December 2012 and 2011.

9 Interest in a jointly controlled entity

	2012 *RMB'000*	**2011** *RMB'000*
Share of net assets	584,819	303,089

Details of the Company's interest in the jointly controlled entity which is an unlisted corporate entity as at 31 December 2012 are set out below:

Name of company	**Place of incorporation and operation**	**Issued and fully paid/ Registered capital** *USD'000*	**Percentage of equity held by the Company**	**Type of legal entity**	**Principal activity**
Far Eastern Yihua petrochemical (Yangzhou) Corporation ("**FEYP**")	PRC	230,000/ 230,000	40%	Limited liability	Manufacturing and distribution of Crude Terephthalic Acid and Pure Terephthalic Acid

In accordance with the contractual agreement between the Company and Far Eastern Polytex Holding Limited ("the other venturer"), the strategic financial and operating decisions relating to activities of FEYP require the unanimous consent of the Company and the other venturer. As a result, FEYP is equity accounted for as a jointly controlled entity.

Summary financial information on jointly controlled entity – the Company's effective interest:

	2012 *RMB'000*	**2011** *RMB'000*
Non-current assets	58,730	12,432
Current assets	526,875	290,657
Current liabilities	(786)	-
Net assets	584,819	303,089
Income	8,892	-
Expenses	(5,413)	-
Profit for the year	3,479	-

10 Available-for-sale financial assets

	2012	2011
	RMB'000	*RMB'000*
Available-for-sale investments	-	200,000

Available-for-sale financial assets with a carrying amount of RMB 200,000,000 as at 31 December 2011 represented an investment fund purchased from a PRC state-owned bank. The fund mainly invested in bonds and unlisted enterprises in the PRC and was redeemed on 15 January 2012.

The disclosures of the fair value estimates, and their methods and assumptions of the Company's financial instruments, are made to comply with the requirements of IFRS 7 and IAS 39 and should be read in conjunction with the Company's financial statements and related notes. The estimated fair value amounts have been determined by the Company using market information and valuation methodologies considered appropriate. However, considerable judgement is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realise in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

As at 31 December 2011， the fair value of available-for-sale financial assets is determined by reference to the quoted prices in active markets for similar financial instruments.

The carrying amounts of all other financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2012 and 2011.

11 Trade and other receivables

	2012	2011
	RMB'000	*RMB'000*
Trade receivables	131,708	96,965
Bills receivable	2,092,377	2,236,236
Amounts due from the parent company and fellow subsidiaries - trade	36,423	64,992
	2,260,508	2,398,193
Amounts due from the parent company and fellow subsidiaries - non-trade	-	2,410
Other receivables, deposits and prepayments	280,206	82,960
	280,206	85,370
Less: allowance for doubtful debts	(1,361)	(3,857)
	278,845	81,513
	2,539,353	2,479,706

Sales are generally on a cash term. Subject to negotiation, credit is generally only available for major customers with well-established trading records.

(a) Ageing analysis

As at 31 December 2012, the ageing analysis of trade receivables, bills receivable, amounts due from the parent company and fellow subsidiaries-trade, based on the invoice date and net of allowance for doubtful debts, are as follows:

	2012	2011
	RMB'000	*RMB'000*
Within 6 months	2,257,721	2,398,193
6 to 12 months	2,787	-
	2,260,508	2,398,193

Trade receivables, amounts due from the parent company and fellow subsidiaries-trade are due within twelve months from the date of billing. Bills receivable are due within six months from the date of issuance.

(b) Impairment of trade and other receivables

Impairment losses in respect of trade and other receivables are recorded using an allowance account unless the Company is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and other receivables directly.

The movement in the allowance for doubtful debts provided for collective loss components during the year is as follows:

	2012	**2011**
	RMB'000	*RMB'000*
At 1 January	3,857	11,932
Impairment losses reversed	(2,496)	(8,075)
At 31 December	1,361	3,857

At 31 December 2012 and 2011, the Company's trade and other receivables is not individually determined to be impaired.

(c) Trade receivables and bills receivable that are not impaired

The ageing analysis of trade receivables, bills receivable, amounts due from the parent company and fellow subsidiaries-trade that are neither individually nor collectively considered to be impaired are as follows:

	2012	**2011**
	RMB'000	*RMB'000*
Neither past due nor impaired	2,260,508	2,398,193

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

12 Trade and other payables

	2012 *RMB'000*	2011 *RMB'000*
Trade payables	717,081	693,731
Amounts due to the parent company and fellow subsidiaries - trade	1,208,757	1,257,368
	1,925,838	1,951,099
Amounts due to the parent company and fellow subsidiaries - non-trade	4,716	912
Other payables and accrued expenses	234,064	450,648
	2,164,618	2,402,659

As at 31 December, the ageing analysis of trade payables and amounts due to the parent company and fellow subsidiaries-trade, based on the invoice date, are as follows:

	2012 *RMB'000*	2011 *RMB'000*
Within 3 months	1,813,776	1,923,725
3 to 6 months	46,432	4,088
Over 6 months but within 12 months	65,630	23,286
	1,925,838	1,951,099

13 Loans

As at 31 December, the loans were repayable as follows:

	2012 *RMB'000*	2011 *RMB'000*
Loans from related parties		
- Sinopec Finance	300,000	-
Loans from banks	105,000	-
	405,000	-

As at 31 December 2012, all of the loans were unsecured and expected to be settled within one year. The interest rates of the related-party loans and bank loans are 5.32% per annum and 5.04% per annum respectively. The weighted average interest rate for the Company was 5.25% per annum at 31 December 2012.

14 Reserves

	Share premium *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserves *RMB'000* *(note(a))*	Specific reserves *RMB'000* *(note(b))*	Total *RMB'000*
At 1 January 2011 *(consolidated)*	2,518,833	28,339	116,843	-	2,664,015
Appropriation	-	-	83,540	-	83,540
At 31 December 2011	2,518,833	28,339	200,383	-	2,747,555
Appropriation	-	-	-	80	80
At 31 December 2012	2,518,833	28,339	200,383	80	2,747,635

(a) According to the Articles of Association of the Company in the PRC, the Company is required to transfer 10% of its profit after taxation, as determined in accordance with the PRC ASBE, to its statutory surplus reserve until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before distribution of dividends to shareholders of the Company.

The statutory surplus reserve can be used by an entity to make good of its previous years' losses, if any, or to expand its production and operation, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of its registered capital.

During the year ended 31 December 2012, there's no profit appropriation to statutory surplus reserve (2011: RMB83,540,000).

(b) According to the relevant PRC regulations, the Company is required to transfer an amount to specific reserve for the safety production fund based on the turnover of certain liquefied gas products. During the year ended 31 December 2012, the Company transferred RMB 80,000 (2011: RMB nil) from retained profits to specific reserve for the safety production fund.

7.3 Financial statements prepared in accordance with PRC ASBE

The following financial information has been extracted from the Company's audited financial statements, prepared in accordance with PRC ASBE for the year ended 31 December 2011. As a result of the merger of the Company's sole subsidiary with the Company on 28 December 2011, the Company had no subsidiary during year ended 31 December 2012. The comparative figures in the income statement, the cash flow statement, the statement of changes in equity and relevant explanatory notes represented the figures as previously reported.

Balance sheets
(Expressed in thousands of Renminbi Yuan)

Assets	2012	2011
Current assets:		
Cash at bank and on hand	162,027	1,541,821
Bills receivable	2,092,377	2,236,236
Accounts receivable	142,501	104,668
Prepayments	38,106	59,625
Other receivables	17,608	11,718
Inventories	1,735,734	1,756,664
Available-for-sale financial assets	-	200,000
Other current assets	390,137	219,924
Total current assets	4,578,490	6,130,656
Non-current assets:		
Long-term equity investments	584,819	303,089
Fixed assets	3,495,550	3,366,832
Construction in progress	1,870,881	1,201,201
Intangible assets	296,425	325,285
Deferred tax assets	312,039	122,536
Total non-current assets	6,559,714	5,318,943
Total assets	11,138,204	11,449,599

Balance sheets *(continued)*
(Expressed in thousands of renminbi yuan)

Liabilities and shareholders' equity	2012	2011
Current liabilities:		
Short-term loans	405,000	-
Accounts payable	1,535,245	1,605,443
Advances from customers	311,022	345,656
Employee benefits payable	60,269	61,927
Taxes payable	13,081	12,322
Interest payable	393	-
Other payables	244,608	377,311
Total current liabilities	2,569,618	2,402,659
Non-current liabilities:		
Deferred income	19,248	16,315
Total non-current liabilities	19,248	16,315
Total liabilities	2,588,866	2,418,974
Shareholders' equity:		
Share capital	4,000,000	4,000,000
Capital reserve	3,146,794	3,146,794
Specific reserve	80	-
Surplus reserve	200,383	200,383
Retained earnings	1,202,081	1,683,448
Total shareholders' equity	8,549,338	9,030,625
Total liabilities and shareholders' equity	11,138,204	11,449,599

Income statements
(Expressed in thousands of Renminbi Yuan)

	2012	2011 *Note 9*
1. Operating income	16,987,916	20,179,768
2. Less: Operating costs	16,572,824	18,206,234
Business taxes and surcharges	913	39,514
Selling and distribution expenses	209,179	220,430
General and administrative expenses	829,424	808,359
Net financial income	-30,966	-56,887
Impairment losses	-21,241	-691
Add: Gains from changes in fair value (“-” for losses)	-	-310
Investment income	10,230	16,557
3. Operating profit (“-” for losses)	-561,987	979,056
Add: Non-operating income	40,107	72,655
Less: Non-operating expenses	17,658	9,710
Including: Losses from disposal of non-current assets	6,783	2,284
4. Profit before income tax (“-” for losses)	-539,538	1,042,001
Less: Income tax expenses	-178,171	202,958
5. Net profit for the year (“-” for losses)	-361,367	839,043
6. Earnings per share:		
(1) Basic earnings per share (in RMB)	-0.090	0.210
(2) Diluted earnings per share (in RMB)	-0.090	0.210
7. Other comprehensive income for the year	-	-
8. Total comprehensive income for the year	-361,367	839,043

Cash flow statement
(Expressed in thousands of renminbi yuan)

	Note	2012	2011 *Note 9*
1. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		17,230,491	20,781,749
Refund of taxes		7,002	17,008
Sub-total of cash inflows		17,237,493	20,798,757
Cash paid for goods and services		-16,480,654	-18,708,184
Cash paid to and for employees		-1,039,420	-926,460
Cash paid for all types of taxes		-136,157	-814,982
Cash paid relating to other operating activities		-548,981	-619,378
Sub-total of cash outflows		-18,205,212	-21,069,004
Net cash outflow from operating activities	(1)	-967,719	-270,247
2. Cash flows from investing activities:			
Cash received from disposal of investment		406,751	918,090
Net cash received from disposal of fixed assets		31,923	32,334
Cash received relating to other investing activities		31,521	53,722
Sub-total of cash inflows		470,195	1,004,146
Cash paid for acquisition of fixed assets and intangible assets		-688,900	-836,247
Cash paid for acquisition of finanical assets		-200,000	-700,000
Cash paid for investment in jointly controlled enterprises		-278,251	-303,089
Sub-total of cash outflows		-1,167,151	-1,839,336
Net cash outflow from investing activities		-696,956	-835,190

Cash flow statement *(continued)*
(Expressed in thousands of renminbi yuan)

	Note	2012	2011 *Note 9*
3. Cash flows from financing activities:			
Cash received from borrowings		405,000	-
Sub-total of cash inflows		405,000	-
Cash paid for dividends or interest		-120,119	-120,000
Sub-total of cash outflows		-120,119	-120,000
Net cash inflow from financing activities ("-" for outflow)		284,881	-120,000
4. Effect of foreign exchange rate changes on cash and cash equivalents		-	-
5. Net decrease in cash and cash equivalents	(1)	-1,379,794	-1,225,437
Add: Cash and cash equivalents at the beginning of the year		1,541,821	2,767,258
6. Cash and cash equivalents at the end of the year		162,027	1,541,821

Notes to cash flow statements

(1) Supplement to cash flow statement

(a) Reconciliation of net profit to cash flows from operating activities:

Item	2012	2011
Net profit ("-" for loss)	-361,367	839,043
Add: Impairment provision for assets ("-" for decrease)	-21,241	-691
Depreciation of fixed assets	405,899	367,715
Amortisation of intangible assets	30,560	29,781
Amortisation of deferred income	-1,857	-3,929
Net gains on disposal of fixed assets	-12,104	-25,427
Losses on changes in fair value	-	310
Financial income	-26,219	-53,722
Investment income	-10,230	-16,557
Decrease in deferred tax assets ("-" for increase)	-189,503	74,355
Decrease in gross inventories ("-" for increase)	39,675	-439,994
Increase in specific reserves ("-" for decrease)	80	-755
Increase in operating receivables	-671,553	-1,184,221
Increase in operating payables ("-" for decrease)	-149,859	143,845
Net cash outflow from operating activities	-967,719	-270,247

(b) Change in cash and cash equivalents:

Item	2012	2011
Cash at the end of the year	162,027	1,541,821
Less: Cash at the beginning of the year	1,541,821	2,469,388
Cash equivalents at the beginning of the year	-	297,870
Net decrease in cash and cash equivalents	-1,379,794	-1,225,437

(b) Details of cash and cash equivalents

Item	2012	2011
Cash at bank and on hand	162,027	1,541,821
Including: Cash on hand	28	21
Bank deposits available on demand	161,999	1,541,800
Closing balance of cash and cash equivalents	162,027	1,541,821

Notes: Restricted cash and cash equivalents and short-term investments are not included in cash and cash equivalents disclosed above.

Statement of changes in shareholders' equity
(Expressed in thousands of Renminbi Yuan)

	2012						2011					
	Share capital	Capital reserve	Specific reserve	Surplus reserve	Retained earnings	Total	Share capital	Capital reserve	Specific reserve	Surplus reserve	Retained earnings	Total
1. Balance at the beginning of the year	4,000,000	3,146,794	-	200,383	1,683,448	9,030,625	4,000,000	3,146,794	755	116,843	1,047,945	8,312,337
2. Changes in equity for the year ("-" for decreases)												
(1) Net profit for the year ("-" for losses)	-	-	-	-	-361,367	-361,367	-	-	-	-	839,043	839,043
(2) Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total of (1) & (2)	-	-	-	-	-361,367	-361,367	-	-	-	-	839,043	839,043
(3) Appropriation of profits												
(a) Appropriation for surplus reserve	-	-	-	-	-	-	-	-	-	83,540	-83,540	-
(b) Distributions to shareholders	-	-	-	-	-120,000	-120,000	-	-	-	-	-120,000	-120,000
Sub-total of (a) & (b)	-	-	-	-	-120,000	-120,000	-	-	-	83,540	-203,540	-120,000
(4) Specific reserve												
(a) Accrued	-	-	920	-	-	920	-	-	904	-	-	904
(b) Utilised	-	-	-840	-	-	-840	-	-	-1,659	-	-	-1,659
Sub-total of (a) & (b)	-	-	80	-	-	80	-	-	-755	-	-	-755
3. Balance at the end of the year	4,000,000	3,146,794	80	200,383	1,202,081	8,549,338	4,000,000	3,146,794	-	200,383	1,683,448	9,030,625

7.4 Differences in the financial statements prepared under different accounting standards

The differences between and the financial statements prepared under International Financial Reporting Standard ("IFRS") and PRC accounting standards ("PRC GAAP") on net profit ("-" for losses) and net assets are as follows:

	Net profit		Net assets	
	2012	2011	2012	2011
Amounts under PRC GAAP	-361,367	839,043	8,549,338	9,030,625
Adjustments under IFRS:				
a. Government grants	2,831	944	-35,855	-38,686
b. Specific reserve	80	-755	-	-
c. Tax effects of the above adjustments	-	-	-	-
Amounts under IFRS	-358,456	839,232	8,513,483	8,991,939

(1) Government grants

Under PRC GAAP, grants from government that are credited to capital reserve according to relevant regulation cannot be included in deferred income. Under IFRS, the government grant related to an asset is recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset.

(2) Specific reserve

Under PRC GAAP, accrued production safety cost as expense in profit or loss and separately recorded as a specific reserve in shareholders' equity according to the national regulation. As using Safety Fund, if it is profit or loss related, the cost of expenditure is directly charged against the Specific reserves. While if it is capital expenditure related, the cost being used is recorded in Construction in Progress, and transferred to fixed assets when it is ready for its intended use. Meanwhile, the cost of fixed asset is offset against the specific reserves and the same amount of accumulated depreciation is recognised, then the fixed asset is no longer depreciated in its useful life.

Under International Financial Reporting Standards, these expenses are recognised in profit or loss as and when incurred. Relevant capital expenditure on production maintenance and safety facilities are recognised as property, plant and equipment and depreciated according to the relevant depreciation method.

8. OTHER ITEMS

(1) Annual Report
The Company will dispatch the 2012 Annual Report to all "H" shareholders as soon as possible.

(2) Compliance with the Code of Corporate Governance Practices and the Model Code
The Company has complied with the Code of Corporate Governance Practices as set out by Appendix 14 to the Listing Rules during the reporting period.

The Company has adopted the Model Code as contained in Appendix 10 to the Listing Rules. After having specifically inquired from all the Directors, Supervisors and Senior Management, the Company confirms that its Directors, Supervisors and Senior Management have fully complied with the standards as set out in the Model Code.

The Audit Committee under the seventh term of the Board held four meetings and reviewed the Company's 2011 Financial Statements, Interim Report for 2012, procedures of internal control system and formed its independent opinion during the reporting period.

The Audit Committee under the seventh term of the Board held the seventh meeting on 25 March 2013 and reviewed the resolution regarding the 2012 Financial Statements, proposed change of the auditors of the Company and performance report of the Audit Committee of the Company for 2012.

(3) Purchase, sale or redemption of the Company's listed securities
During the year under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

(4) A detailed results announcement of the Company containing all the information required by Paragraphs 45(1) to (3) inclusive of Appendix 16 to the HKSE Listing Rules will be published on the website of the HKSE at appropriate time.

By Order of the Board
Lu Li-yong
Chairman
25 March, 2013

As of the date of this announcement, the directors of the Company include Mr. Lu Li-yong, Ms. Sun Zhi-hong, Mr. Xiao Wei-zhen, Ms. Long Xing-ping, Mr. Zhang-hong, Mr. Guan Diao-sheng, Mr. Sun Yu-guo, Mr. Shen Xi-jun, Mr. Shi Zhen-hua, Mr. Qiao Xu*, Mr. Yang Xiong-sheng*, Mr. Chen Fang-zheng*.*

** Independent Directors*