

Shanghai Chlor-Alkali Chemical Co., Ltd.

600618

2014 Interim Report

August 22, 2014

Important Notice

1. The Board of Directors and the members, the Supervisory Committee and the members and the senior executives of the Company ensure that the content of this interim report is true, accurate and integrative, not having any false statement, misleading representation or significant omission, and will take joint and several legal responsibilities for the Report.
2. All the Directors of the Company attended the Board meeting.
3. The Company's interim financial report has not been audited.
4. Mr. Li Jun, principal of the Company, Mr. He Gang, principal in charge of accounting of the Company, and Mr. Lai Yonghua, head of accounting department (accounting officer) declare to guarantee the truth, accuracy and integrity of the financial report in this interim report.
5. The future plan or other forward looking statement included in this Report shall not constitute the Company's substantial commitment to the investors, and we remind the investors to notice the investment risks.
6. Is there any non-operational fund occupation by the controlling shareholder or by the related parties?
No
7. Is there any guarantee for outside entities in violation of the stipulated decision-making process?
No

Contents

1. Paraphrase	4
3. Company Profile	5
3. Financial Highlights	6
4. The Report of the Board of Directors.....	8
5. Major Events	16
6. Changes in Shareholding and Particulars of Shareholders.....	24
7. Particulars of Preference Share	26
8. Particulars of Directors, Supervisors and Senior Executives	27
9. Financial Report (unaudited).....	28
10. Documents for Reference.....	41

1. Paraphrase

1. Paraphrase

In this Report, except otherwise indicated, these words and expressions shall have the meanings as follows:

Paraphrase for generally-used expressions		
CSRC	means	China Securities Regulatory Commission
SSRB	means	Shanghai Regulatory Bureau of China Securities Regulatory Commission
Huayi Group	means	Shanghai Huayi (Group) Company
The Company, Company, or Chlor-Alkali Chemical	means	Shanghai Chlor-Alkali Chemical Co., Ltd.
Sodium hydroxide	means	Molecular formula: NaOH; a strong soluble alkali. Sodium hydroxide is easy to be solved into water, has strong alkalinity, and can supply Na ⁺ ion. These properties make it used widely in the industries such as soap-making, textile industry, printing and dyeing, bleaching, papermaking, petroleum refining, metallurgy and other chemical industries.
Chlorine gas	means	Molecular formula: Cl ₂ . As an important chemical raw material, chlorine gas is widely used in the industries such as papermaking, printing and dyeing, pigment, bleaching powder, textile industry, chemical fiber, greasem petroleum, rubber, plastic, pharmacy, disinfection, agricultural pesticide, metallurgy and electronic industry.
Paste resin	means	The Company's production for paste resin mainly adopts two processes, mixing method and seed emulsion polymerization, and the paste resin is mainly used in the products such as the artificial leather, floor leather, wall paper, toy and bottle cap.
Special resin	means	The special resin produced by the Company is mainly the customer specially-used material, the medical resin with high polymeric level such as plasma bag, infusion tube and the seal with high elasticity and the resin specially used for primary coating in automobiles.
CPVC	means	Chlorinated polyvinyl chloride, mainly used in various pipes with different caliber and the related fittings such as elbow and T-joint, the valve body and the wig.

3. Company Profile

1. Company information

Chinese name of the Company	上海氯碱化工股份有限公司
Short form	氯碱化工
English name of the Company	SHANGHAI CHLOR – ALKALI CHEMICAL CO., LTD.
Abbreviation	SCAC
Legal representative of the Company	Mr. Li Jun

2. Contact information

	Secretary of the Board of Directors	Securities representative
Name	Xu Peiwen	Shen Qinyi
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3. Change of basic information

In the report period the Company did not have any change in its basic information.

4. Change in information disclosure and filing site

In the report period the Company did not have any change in its information disclosure and filing site.

5. The Company's share

The Company's share			
Type of share	Stock exchange for listing of share	Share name	Share code
A share	Shanghai Stock Exchange	Chlor-Alkali Chemical	600618
B share	Shanghai Stock Exchange	Chlor-Alkali B Share	900908

6. Change of the Company's registration in the report period

During the report period the Company did not have any change of registration.

3. Financial Highlights

1. Main accounting data and financial indexes of the Company

1) Main accounting data

Unit: RMB

Main accounting data	The report period (January to June)	Same period of last year	Increase or decrease (%)
Operating income	2,999,608,615.72	3,154,708,285.63	-4.92
Net profit attributable to shareholders of the Company	-49,319,177.83	4,005,046.69	-1,331.43
Net profit attributable to shareholders of the Company, after non-recurring profit or loss	-40,722,580.54	3,098,741.53	-1,414.17
Net cash flow from operating activities	-1,495,370.65	237,877,325.49	-100.63
	End of the report period	End of last year	Increase or decrease (%)
Net assets attributable to shareholders of the Company	2,793,548,270.65	2,848,201,003.60	-1.92
Total assets	6,047,039,868.77	5,992,581,029.65	0.91
Net assets per share attributable to shareholders of the Company	2.42	2.46	-1.92

2) Main financial indexes

Main financial indexes	The report period (January to June)	Same period of last year	Increase or decrease (%)
Basic earnings per share (RMB/share)	-0.0426	0.0035	-1,317.14
Diluted earnings per share (RMB/share)	-0.0426	0.0035	-1,317.14
Basic earnings per share after non-recurring profit and loss (RMB/share)	-0.0352	0.0027	-1,403.70
Return on net assets, weighted average (%)	-1.748	0.142	Decrease by 1.89 percentage points
Return on net assets after non-recurring profit and loss, weighted average (%)	-1.444	0.109	Decrease by 1.55 percentage points

2. Items of non-recurring profit or loss

Unit: RMB

Items of non-recurring profit or loss	Amount	Note (if apply)
Profit or loss from disposal of non-current assets	-13,897.00	
Tax return and exemption approved by the authority beyond its right, or without official approval file, or occasionally happened	724,700.00	Fund for support to the enterprise received
Government subsidy attributable to profit and loss of current period, except such government subsidy closely related to the Company's normal business operation, meeting the regulation of national policy and enjoyed constantly in certain quota or quantity according to a certain standard	1,540,000.00	Subsidy for the project for adjustment of industrial structure
Other non-operating revenue and expenditure other than above items	-73,266.82	
Other profit or loss items meeting the definition	-10,801,611.8	Compensation for disposing the

of non-recurring profit and loss	0	employees due to production halt of the Company's important production unit F2 caused by the adjustment of industrial structure
Impact of minority interests	193,387.38	
Impact of income tax	-165,909.05	
Total	-8,596,597.29	

4. The Report of the Board of Directors

1. Discussion and analysis of the Board of Directors on the operation status during the report period

In the first half year of 2014, the domestic chlor-alkali industry was still in the period of adjustment and transformation. The enterprises were confronted with a complicated environment and the economical operation in this industry was in low status continuously. However, there were new chances of enterprise development in the fields such as energy-saving and consumption reducing, reorganization for optimization and industrial transformation and upgrading. In the first half year there were three features in the operation of the chlor-alkali industry. First is that the expanding of production capacity kept on reducing. The market of sodium hydroxide and PVC was very low, causing the decrease of the new production capacity and promoting the washout of backward production capacity. In the products, the Company mainly adopted substitute mode for the production capacity of sodium hydroxide, washing out the backward diaphragm alkali production unit. In the first half year for sodium hydroxide, it increased production capacity by 710,000 tons and washed out production capacity by 90,000 tons, actually increasing the production capacity by 620,000 tons. For PVC (including paste resin), it increased the production capacity by 300,000 tons, including 160,000 tons for SPVC, and washed out production capacity by 60,000 tons, actually increasing the production capacity by 100,000 tons. The net increasing of production capacity is not very big, making the development of the industry more reasonable. Second is that the low market for both chlor and alkali is more serious than before. The problem of over capacity cannot be solved in short period, and the continuous low demand for chlor-alkali products in the market was more pressing in the first half year. The low status of domestic real estate market directly makes the PVC tubing enterprises being operated under capacity, and the alumina industry, supporting the demand of sodium hydroxide in former years is also in low status. Due to such reasons, the price of sodium hydroxide and that of PVC are all at low position, the original mode of mutual support between PVC and sodium hydroxide cannot be realized now, and the profitability of the chlor-alkali industry has been weakened greatly. Third is that the export of sodium hydroxide has been reduced. In the first half year the Company totally exported the sodium hydroxide of 550,000 tons, decreasing by 20% than the same period of last year. The reducing of the export volume of sodium hydroxide has aggravated the pressure in domestic supply and demand market and the contradiction between supply and demand in domestic market, making the domestic market worse than before.

Faced with the severe situation in production operation, the Company has unified the thoughts inside it, clarified the direction and implemented actively the strategy of "innovation, upgrading and transformation". Focusing on the important projects and the differentiation of traditional products, it promoted the adjustment of product structure with great efforts, realized the optimized upgrading of traditional industry through self innovation and application of new technology and new material, and strived to implement the strategy of "going out" to find the way for transformation and upgrading of its industrial chain with all efforts.

Firstly, it has optimized its production and operation to reduce the loss as much as possible. Based on the actual conditions of its production and operation, it established the equilibration model of "ensuring the chlorine consumption of the downstream units in the Chemical Park, running well the sodium hydroxide unit, increasing the absorption of hydrogen chloride, using well the planned ethylene and controlling the production volume of the vinyl chloride and the subsequent PVC series products", adapting the market change rapidly and adjusting the load to reduce the loss as much as possible. Secondly, it adhered to the differentiated marketing to optimize the sales structure. Faced with the continuous low downstream demand and decreasing of the price of main products in the first half year, the Company established the working group of differentiated marketing to promote the work on differentiated marketing for its products, focus on high-end product market and

optimize the product area structure and customer structure. Thirdly, it organized the overhaul carefully to ensure the stable operation of the units. For the arrangement on the general overhaul in the Chemical Park in the first half year, the Company made a reasonable adjustment, making its three factories in Chaojing and Wujing arrange overhaul in suitable time in March and April. Adhering to the principle of Safety First, the Company made preparing and organizing carefully and implemented the work earnestly, going all out to realize the object of "stopping well, repairing well and running well" for the units and setting solid foundation for stable running of the units in the second half-year. Fourthly, it strived to promote the construction of the important projects to get benefit as early as possible. The Company's important project low-temperature ethylene storage and transportation unit has entered the construction stage after completion of the detailed design and all the approval procedures. At present the construction for pile foundation, cofferdam and tank foundation of the tank field has been completed, and the construction for prefabrication of the tank deck and the underground pipe network has been completed basically. Fifthly, it strived to promote the self innovation. The Company concentrated the technical and marketing force to improve the quality of the new material, the resin of chlorinated polyvinyl chloride, and promote the application and get certain effect. For the project of 40,000 tons/year high performance chlorinated polyvinyl chloride (first phase of the 80,000 tons/year high performance chlorinated polyvinyl chloride), the preparing work has formally started and entered the period for preparing the report for environment evaluation, safety evaluation, health evaluation and energy evaluation. It strived to promote the implementation of industrialization for the chlorine making through catalytic oxidation of hydrogen chloride, and promote the preparing of the industrialization process package for 100,000 tons/year. Sixthly, it strived to implement the strategy of "going out". In the first half year the Company established the investment committee office to coordinate the optimization of the chlorine industrial chain and the research on the merger, investment and other cooperation chances with the vinyl derivative products. The Company strived to find the investment projects suitable to its long-term development and realize the extending of its industrial chain and the industrial transformation through periodic meeting, intelligence collection, business discussion, field survey and preparing of investigation report.

In the first half year of 2014, although the Company adopts a series of work measures, it still got heavy loss in its production operation due to the influence of downturn in the chlor-alkali market. From January to June, the Company realized the operating income of RMB 2,999,000,000, a decrease of 4.92% than the same period of last year, the net profit attributable to shareholders of the Company of - RMB 49,319,200, a decrease of 1331.43% than the same period of last year, and the investment income of RMB 27,942,000, a decrease of 26.52% than the same period of last year.

1) Analysis on main business

(1) Analysis on changes in relevant items of the financial statements

Unit: RMB

Item	Current period	Same period of last year	Change ratio (%)
Operating income	2,999,608,615.72	3,154,708,285.63	-4.92
Operating cost	2,735,822,866.52	2,869,885,871.18	-4.67
Selling cost	102,273,725.99	87,607,814.61	16.74
Management cost	173,299,334.53	159,383,395.85	8.73
Financial expenses	53,943,660.36	55,446,383.24	-2.71
Net cash flow from operating activities	-1,495,370.65	237,877,325.49	-100.63
Net cash flow from investment activities	-208,487,774.45	-196,987,958.40	
Net cash flow from financing activities	78,874,216.29	-181,503,299.64	
Expenditure on R&D	18,948,492.14	21,148,682.00	-10.40

Note:

- (a) Net cash flow from operating activities decreased greatly than the same period of last year, and this is mainly caused by the decrease of the sales income, slow return of the fund and the rising of the cost of raw material.
- (b) Net cash flow from financing increased greatly than the same period of last year, and this is mainly by the decrease of the debt refunded in the report period than the same period of last year.

(2) Other

- a) Detailed explanation on significant changes of the profit structure or profit source of the Company

Unit: RMB

Item	Jan.-June 2014	Jan.-June 2013	Increase or decrease than same period of last year (%)
Selling cost	102,273,725.99	87,607,814.61	16.74
Investment income	27,942,000.31	38,024,926.29	-26.52
Operating profit	-47,506,499.79	9,807,263.57	-584.40
Non-operating revenue	2,271,433.18	364,320.06	523.47
Gross profit	-45,328,963.61	10,057,468.57	-550.70
Net profit	-49,319,177.83	4,005,046.69	-1331.43
Minority interest income	1,606,868.56	4,019,904.05	-60.03

Note:

- (a) The increase of selling cost is mainly because the dock expansion project completed, the fixed assets transferred to the marketing department and the depreciation of fixed assets thus increased.
- (b) The decrease of the return on investment is mainly because the affiliated enterprises have reduced their profitability in current period.
- (c) The increase of the non-operating revenue is mainly caused by the increase of the subsidy due to adjustment of the industrial structure received in current period.
- (d) The decrease of the minority interest income is caused by the decrease of the profitability of the subsidiaries within the consolidation range.
- (e) The rising of the price of the raw material ethylene, big decrease of the gross profit of the leading product PVC, the decrease of the selling price of sodium hydroxide and other factors due to the influence of market factors, have caused the big decrease of the operating profit, gross profit and net profit than the same period of last year.

b) Explanation on the progress of the operating plan

In the first half year of 2014, the Company established the leading group and working group for the Five-year plan to prepare the Five-year plan (2015-2019) and design the Company's development blueprint. Starting from 2014, the Company will prepare the dynamic Five-year plan to promote the Company's development and accelerate the transformation of the Company's internationalization. The plan is a strong strategy forward looking and challengeable, following the objective laws and operable. The plan includes rich content, extensive range and strict, concrete and quantified indexes. The plan preparing has formally started since the end of March.

In the first half year of 2014, faced with the economic situation and industrial situation at home and abroad, the Company strived to unite together and adopt many ways to overcome severe difficulties and reduce the loss as small as possible. Compared with the same period of last year, the Company's profitability in the first half year has decreased greatly. The main reasons are as follows:

First is the over capacity of the industry and low demand in downstream have caused the continuous low product price. The low domestic demand and reduced export volume have made the decrease of both the price and the output of the sodium hydroxide. Compared with the same period of last year, this has influenced the amount over RMB 0.2 billion, having a strong impact

on the Company's profitability.

Second is the high cost of the raw material and rising price of energy have made great pressure on the production cost. The price of ethylene, main raw material in production of the Company, has always kept at high position. Since January 24, 2014, the price of the industrial electricity has increased by RMB 0.04 per kwh. These have caused the continuous rising of the Company's manufacturing cost.

Third is the adjustment of the industrial structure in Wujing and stop of the production units have caused increase of the settlement allowance for the employees. Due to such reason, the Company's compensation cost for such employees in the first half year of 2014 is more than RMB 10,000,000, further influencing the Company's profitability.

Four is there are many production halt and overhaul of the units with long time, and the fluctuation of operating rate in downstream has influenced the Company's benefit. During March and April of 2014, Huasheng and Tianyuan in the Chemical Park and the PVC plant in Wujing had successively entered the overhaul period. This overhaul has extensive range, short time, heavy mission, many special tasks and other difficulties, such as the production and overhaul should be made at the same time. However, the target and mission of the overhaul have been completed successfully with associated efforts of all related parties. This overhaul totally has 388 items with the troubleshooting time of one month, and this has brought certain impact on the Company's production and economic benefit. In June, the multiple unit failures in the downstream enterprises in the Chemical Park and the fluctuation of the operating rate have made impacts on the operating rate of Huasheng factory and also influenced the Company's whole benefit.

In the second half-year of 2014, the Company will strive to control the loss of the production and operation, focus on the big projects such as the ethylene tank and high performance chlorinated polyvinyl chloride unit, make investment with physical assets, accelerate firmly the adjustment and transfer of Wujing area and the concentration and upgrading of the Chemical Park, implement firmly the strategy of "going out", enhance the level of internationalization and try to find new space for its sustainable development. Meanwhile, face with the big loss of PVC and the difficulties of oversupply in the second half-year, the Company will consider the overall halt plan for PVC units in Wujing to reduce the loss and speed up further the step of the adjustment in industrial structure in Wujing.

2) Analysis on industries, products and area operation

(1) Main business divided by sectors and products

Unit: RMB

Main business by sectors						
Sector	Operating income	Operating cost	Gross profit rate (%)	Increase or decrease of operating income (%)	Increase or decrease of operating cost (%)	Increase or decrease of gross profit rate (%)
Industry	2,721,147,679.07	2,494,920,413.02	8.31	10.10	13.13	Decrease by 2.46 percentage points
Construction	15,970,188.07	13,885,064.84	13.06	23.10	17.30	Increase by 4.30 percentage points
Trade	206,049,597.43	188,474,381.98	8.53	-67.08	-69.39	Increase by 6.92 percentage points
Subtotal	2,943,167,464.57	2,697,279,859.84	8.35	-5.38	-4.79	Decrease by 0.57 percentage points
Main business by products						
Product	Operating income	Operating cost	Gross profit	Increase or decrease of	Increase or decrease of	Increase or decrease of gross profit rate

			rate (%)	operating income (%)	operating cost (%)	(%)
PVC	320,556,367.50	478,168,621.07	-49.17	-47.10	-32.62	Decrease by 32.06 percentage points
Sodium hydroxide	658,763,551.24	498,769,608.57	24.29	-4.29	-0.82	Decrease by 2.64 percentage points
Chlorine products	1,290,337,344.40	1,112,179,587.53	13.81	21.80	21.41	Increase by 0.28 percentage point
Other	673,510,201.43	608,162,042.67	9.70	-11.01	-13.66	Increase by 2.77 percentage points
Subtotal	2,943,167,464.57	2,697,279,859.84	8.35	-5.38	-4.79	Decrease by 0.57 percentage point

Note:

(a) The gross profit rate of PVC decreases than the same period of last year, and this is mainly caused by the rising of the raw material ethylene and the decrease of the product output.

(2) Main business divided by area

Unit: RMB

Area	Operating income	Increase or decrease than previous year (%)
China	2,793,026,269.53	-2.38
Other areas	150,141,195.04	-39.77
Total	2,943,167,464.57	-5.39

3) Analysis on investment

(1) General analysis on equity investment

Unit: RMB'0000

Item	Closing balance	Beginning balance	Increase or decrease	Increase or decrease (%)
Long-term equity investment	50,519.40	44,785.20	5,734.20	12.80
Incl.: Long-term equity investment measured with equity method	21,498.37	18,764.17	2,734.20	14.57
Long-term equity investment measured with cost method	29,021.03	26,021.03	3,000.00	11.53

Analysis on reason for change of equity investment:

(a) Long-term equity investment measured with equity method increased by 14.57% than beginning of the period, and this is mainly caused by the increase of long-term equity investment due to the investment income confirmed in current period.

(b) Long-term equity investment measured with cost method increases by 11.53% than beginning of the period, and this is mainly caused by the increase of the investment in Shanghai Huayi Group Finance Co., Ltd.

Information of invested companies

Unit: RMB'0000

Name of the invested company	Business nature	Investment cost	Ratio in the equity of the invested company (%)	Remark
Shanghai Huntsman Polyurethane Co., Ltd.	Refine of MDI and polymer	14,598.89	30	Equity method
Shanghai Lianheng Isocyanic Ester Co., Ltd.	Produce and sell the chemicals related to raw MDI	13,996.15	15	Cost method
Shanghai Huayi Tianyuan Chemical Logistics Co., Ltd.	Logistics	7,540.66	16.64	Cost method

Shanghai Huayi Group Finance Co., Ltd.	Financial company	6,000.00	10	Cost method
Suzhou Tianyuan Logistics Co., Ltd.	Logistics	134.09	13.5	Cost method
Beijing Yinzhaoh Information Technology Co., Ltd.	Consultation for information technology	164.61	16	Cost method

(a) Equity interest in other listed companies held

Unit: RMB

Share code	Share name	Initial investment cost	Closing balance of book value	Change in owner's equity during the report period	Bookkeeping operation items	Source of share
600636	3F	360,000.00	6,818,684.40	573,622.50	Salable financial assets	Legal person share
600623	Double Coin Share	690,000.00	1,615,900.00	206,635.00	Salable financial assets	Legal person share
600610	S China Textile Machinery	2,095,000.00	2,095,000.00		Long-term equity investment	Legal person share
600688	S Shanghai Petrochemical	900,000.00	900,000.00		Long-term equity investment	Legal person share
600637	BesTV	86,967.00	2,785,553.01	-322,212.74	Salable financial assets	Legal person share
600082	Haitai Development	20,000.00	182,000.00	-9,600.00	Salable financial assets	Legal person share
Total		4,151,967.00	14,397,137.41	448,444.76	/	/

(b) Equity of the financial firms held

Name of the firm	Initial investment amount (RMB)	Closing balance of book value (RMB)	Bookkeeping operation items	Source of share
Shenyin & Wanguo Securities Co., Ltd.	1,250,000	1,250,000.00	Long-term equity investment	Legal person share
Bank of Shanghai Co., Ltd.	150,000	7,307,758.85	Long-term equity investment	Legal person share
Total	1,400,000	8,557,758.85	/	/

(2) The entrusted financing by the non-financial firms and the investment in derivatives

(a) Entrusted financing

In this report period the Company had no entrusted financing.

(b) Entrusted loan

In the report period the Company had no entrusted loan.

(c) Utilization of the raised fund

During the report period the Company did not raise any capital or had raised capital left over from previous period used in this period.

(3) Analysis on main subsidiaries and joint-stock companies

(a) Operation status of the controlled companies

Unit: RMB'0000

Name of company	Business nature	Registered capital	Assets scale	Net profit
Shanghai Ruisheng Enterprises Co., Ltd.	Trade	500	5,361.74	303.02
Shanghai Dakai Plastic Co., Ltd.	Plastic membrane and its deep processing	4,347.76	14,843.71	-311.56
Shanghai Jinyuan Water Plant Tap Water Co., Ltd.	Tap water	900	1,270.11	86.64
Shanghai Chlor-Alkali Machinery Co., Ltd.	Maintenance and engineering construction of petrochemical devices	3,000	3,026.88	25.01
Shanghai Luwei Plastics Co., Ltd.	Production for CPVC tubing and fittings	5,000	4,196.08	-358.34
Shanghai Tiantai Addition Agent Co., Ltd.	Produce antistatic agent and leveling agent	3,300	20,068.08	518.80

(b) Individual controlled subsidiaries with its net profit or its investment income's impact on the Company's net profit over 10%

Unit: RMB'0000

Name of company	Business nature	Main product or service	Main business income	Main business profit	Net profit	Investment income from the joint stock company
Shanghai Tiantai Addition Agent Co., Ltd.	Production and sale of chemical products	Chemical reagent and additive	11,932.14	2,645.50	518.80	228.27
Shanghai Ruisheng Enterprises Co., Ltd.	Trade	Sales of chemical raw material and products	6,526.67	751.46	303.02	303.02
Shanghai Luwei Plastics Co., Ltd.	Production and sale of chemical products	Production for CPVC tubing and fittings	657.46	33.59	-358.34	-250.84
Shanghai Dakai Plastic Co., Ltd.	Production and sale of chemical products	Plastic membrane and its deep processing	3,895.41	28.62	-311.56	280.40
Shanghai Huntsman Polyurethane Co., Ltd.	Production and sale of chemical products	Refine of MDI and polymer	187,964.72	17,204.36	9,289.22	2,734.20

(4) Projects with non-raised capital

Unit: RMB'0000

Project name	Project amount	Project progress	Investment amount in the report period	Total actual investment amount	Project income
Low temperature ethylene storage and transportation unit project	23,845	In the period for making the base plate of the storage tank	4594	5567	Still under construction

2. Proposal on profit distribution or on capital reserves transferred into share capital

1) Implementation or adjustment on the profit distribution plan in the report period

On May 7, 2014 the Company convened 2013 annual shareholders' meeting, which examined and passed the Proposal on 2013 Profit Distribution. In this proposal, based on the Company's total share capital of 1,156,399,976 shares on December 31, 2013, the Company shall distribute cash dividend of RMB 0.05 (tax included) for every 10 shares held, totally distributing dividend of RMB 5,781,999.88 to all the shareholders. The undistributed profit shall be carried forward to the next year. The cash dividend to the holders of B share shall be paid in US dollars.

On June 13, 2014 the Company published an announcement on 2013 profit distribution in China Securities News, Shanghai Securities News, Securities Post, Hong Kong Commercial Daily and the website of Shanghai Stock Exchange, which specified June 18 as equity registration date for A share, June 23 as equity registration date for B share, June 19 as the ex-dividend date, June 19 as the date for distributing cash dividend of A share and July 2 as the date for distributing cash dividend of B share.

3. Other events disclosed

1) Forecast that the total net profit from beginning of the year to end of the next report period will possibly be of loss or greatly changed than the same period of last year and the explanation

The net profit attributable to shareholders of the Company from January to September of 2013 was - RMB 39,770,000, and from January to June of 2014, - RMB 49,320,000. The price tendency of the Company's main products in the third quarter of 2014 will still not be too optimistic. Therefore, the net profit at end of next report period will still decrease greatly.

2) The explanation of the Board of Directors and the Supervisory Committee on the Non-standard Auditor's Report by public accounting firm

√ Not applicable

5. Major Events

1. Significant lawsuits, arbitrations and events generally questioned by the media

In the report period the Company did not have any significant lawsuit, arbitration and event questioned by the media.

2. Events related to bankruptcy and reorganization

In the report period the Company had no events related to bankruptcy and reorganization.

3. Assets transaction and business merger

√ Not applicable

4. Equity incentive of the Company and the influences

√ Not applicable

5. Significant related transactions

1) Related transactions in routine operation

(1) The events disclosed in provisional announcement and having no subsequent implementing progress or change

Description of event	Index
Based on the principle of fairness and reasonableness, mutual advantage and mutual benefit and voluntaries and good faith, the Company, Shanghai Huayi (Group) Company and Shanghai Huayi Group Finance Co., Ltd. signed a frame agreement on finance service of 3 parties, through which Shanghai Huayi (Group) Company shall make use of the self advantage for short-term financing and bond issuing and Shanghai Huayi Group Finance Co., Ltd. shall provide the Company with finance service as a non-banking financial institution to meet the Company's requirements for reducing financing cost in developing its business. The valid period of the agreement is 3 years.	China Securities News, Shanghai Securities News, Securities Post and Hong Kong Commercial Daily and the website of Shanghai Stock Exchange: www.sse.com.cn on May 29, 2012.

(2) Events not disclosed in provisional announcement

Unit: RMB'0000

Related transaction party	Related relation	Type of related transaction	Content of related transaction	Pricing principle of related transaction	Amount of related transaction	Ratio in total amount of transactions with same type (%)
Shanghai Wujing Chemical Co., Ltd.	Controlled subsidiary of parent company	Purchase goods	Material purchase	Settled as per agreed price	763.24	0.38
Shanghai Carbonization Co., Ltd.	Controlled subsidiary of parent company				559.51	0.28
Shanghai Huayi Tianyuan Chemical Logistics Co., Ltd.	Controlled subsidiary of parent company				43.37	0.02
Shanghai	Controlled				70.97	0.04

Xintianyuan Chemical Transport Co., Ltd.	subsidiary of parent company					
Shanghai Chlor-Alkali Creation Co., Ltd.	Wholly owned subsidiary of parent company				301.40	0.15
Shanghai Huayi Group Equipment Engineering Co., Ltd.	Wholly owned subsidiary of parent company				88.36	0.04
Shanghai Chemical Supply and Marketing Co., Ltd.	Wholly owned subsidiary of parent company				16.98	0.01
Shanghai Huayi New Energy Chemical Sales Co., Ltd.	Wholly owned subsidiary of parent company				783.76	0.39
Shanghai Huayi Information Technology Co., Ltd.	Controlled subsidiary of parent company				4.52	0.00
Shanghai Huayi Group Huayuan Chemical Co., Ltd.	Wholly owned subsidiary of parent company				3.02	0.00
Shanghai Chemical Industry Pressure Vessel Inspection Co., Ltd.	Wholly owned subsidiary of parent company				131.56	0.07
Shanghai Huayi Tianyuan Chemical Logistics Co., Ltd.	Controlled subsidiary of parent company				1,296.41	0.65
Shanghai Xintianyuan Chemical Transport Co., Ltd.	Controlled subsidiary of parent company				208.44	0.10
Shanghai Chlor-Alkali Creation Co., Ltd.	Wholly owned subsidiary of parent company				1,124.34	0.56
		Receive labour service	Receive labour service			

Shanghai Huayi Engineering Co., Ltd.	Wholly owned subsidiary of parent company				401.97	0.20
Shanghai Huayi Information Technology Co., Ltd.	Controlled subsidiary of parent company				118.94	0.06
Shanghai Carbonization Co., Ltd.	Controlled subsidiary of parent company				246.95	0.08
Shanghai Huayi Group Huayuan Chemical Co., Ltd.	Wholly owned subsidiary of parent company				52.48	0.02
Shanghai 3F New Materials Co., Ltd.	Controlled subsidiary of parent company				2,348.24	0.78
Shanghai Huayi Tianyuan Chemical Logistics Co., Ltd.	Controlled subsidiary of parent company				118.50	0.04
Shanghai Chlor-Alkali Creation Co., Ltd.	Wholly owned subsidiary of parent company	Sell commodities	Sell goods		28.80	0.01
Shanghai Tianyuan Group Shengde Plastic Co., Ltd.	Wholly owned subsidiary of parent company				1,264.53	0.42
Shanghai Resin Factory Co., Ltd.	Wholly owned subsidiary of parent company				23.59	0.01
Shanghai Huayi Acrylic Acid Co., Ltd.	Controlled subsidiary of parent company				159.97	0.05
Shanghai Chemical Supply and Marketing Co., Ltd.	Wholly owned subsidiary of parent company				194.48	0.06
Shanghai Huayi Tianyuan	Controlled subsidiary				723.50	0.24
		Rendering of service	Rendering of service			

Chemical Logistics Co., Ltd.	of parent company					
Shanghai Huayi Polymer Co., Ltd.	Wholly owned subsidiary of parent company				9.43	0.00
Shanghai Huayi Engineering Co., Ltd.	Wholly owned subsidiary of parent company				11.68	0.00
Shanghai Tianyuan Group Shengde Plastic Co., Ltd.	Wholly owned subsidiary of parent company				411.61	0.14
Total				/	11,510.55	4.80

The transaction between the Company and related parties, is that the Company pays expenditure for service and trusteeship business, for purchase of raw material, sales of product and other recurring business operations and for stripping non-recurring assets and non-central business. Such transactions are the necessary supplement for the coordination based on specialization and mutual transfer of predominance between the Company and its controlling shareholder and part of subordinate enterprises, this makes no impacts on the Company's independence, and they will continue to exist afterwards.

In 2014 the total amount of the routine related transactions is estimated to be RMB 395,767,200, in which the related transactions with the amount of RMB 259,617,200 have been examined and passed by the 2012 annual shareholders' meeting, the related transactions with the amount of RMB 130,000,000 have been got through open bidding and announced to the public, and the total amount of the routine related transaction increased in 2014 is estimated to be RMB 6,150,000, examined and approved by the united financial signing. The Company made announcement in the website of Shanghai Stock Exchange and China Securities News, Shanghai Securities News, Securities Post and Hong Kong Commercial Daily on March 21, 2014.

The actual amount of the routine related transaction in the first half year of 2014 is RMB 115,105,500, within the estimated range.

2) The related transactions due to purchase and sale of assets

(1) The events disclosed in provisional announcement and having subsequent implementation progress or change

On November 23, 2013 the Company convened the 7th meeting of 8th Board of Directors, which examined and passed the Motion on the Related Transaction for Purchase of the Construction in Progress of D4-2 Land Lot of Shanghai Paint Co., Ltd. As evaluated by Shanghai Dongzhou Assets Appraisal Co., Ltd., this asset should have the book value of RMB 141,910,000 and evaluated value of RMB 108,419,900. On May 28, 2014 the Company and Shanghai Paint Co., Ltd. signed the transfer agreement with the evaluated value of RMB 108,419,900. According to the agreement, the purchase fund shall be paid in three in three installments, i.e., paid within five working days respectively after signing of the transfer agreement, formally acceptance of the application for the asset transfer and obtaining of the property right certificate. In the report period the Company paid the first fund of RMB 34,189,200 for the purchase. At present the Paint Company is just handling the procedure for paying the related tax.

3) Significant related transactions for joint investment

(1) The events disclosed in provisional announcement and having subsequent implementation progress

or change

On November 23, 2013 the Company convened the 7th meeting of 8th Board of Directors, which examined and passed the Motion on the Related Transaction for Joint Capital Increase with the Related Party in Shanghai Huayi Group Finance Co., Ltd. The motion agreed that Shanghai Huayi Group Finance Co., Ltd. increased the registered capital by RMB 0.3 billion, and the shareholders shall make the capital increase with cash in the share holding ratio. The Company shall make capital increase of RMB 30,000,000 according to its shareholding ratio. On March 19, 2014, the Company made financial contribution of RMB 30,000,000 to complete this capital increase.

4) Related creditor's rights and debts

(1) Events not disclosed in the provisional announcement

Unit: RMB'0000

Related party	Related relation	Provide fund to related parties			Related parties provide fund to the listed Company		
		Beginning balance	Amount	Closing balance	Beginning balance	Amount	Closing balance
Shanghai Tianyuan Group Shengde Plastic Co., Ltd.	Wholly owned subsidiary of parent company	804.04	390.30	1,194.34			
Shanghai Carbonization Co., Ltd.	Controlled subsidiary of parent company	120.61	-9.04	111.57			
Shanghai 3F New Materials Co., Ltd.	Controlled subsidiary of parent company	12.14	861.89	874.03			
Shanghai Huayi Engineering Co., Ltd.	Wholly owned subsidiary of parent company	6,645.42	1,528.81	8,174.23	1.51	5.51	7.02
Shanghai Huntsman Polyurethane Co., Ltd.	Affiliated company	12.78	-12.78	0			
Shanghai Peony Printing Ink Co., Ltd.	Controlled subsidiary of parent company	0.44	-0.44	0			
Shanghai Huayi Tianyuan Chemical Logistics Co., Ltd.	Controlled subsidiary of parent company	0.45	218.82	219.27			
Shanghai Resin Factory Co., Ltd.	Wholly owned subsidiary of parent company	2.29	0.04	2.33			
Shanghai Paint Co.,	Wholly	0.47	3,418.92	3,419.39			

Ltd.	owned subsidiary of parent company						
Shanghai Chlor-Alkali Creation Co., Ltd.	Wholly owned subsidiary of parent company	0	6.28	6.28			
Shanghai Huayi Acrylic Acid Co., Ltd.	Controlled subsidiary of parent company	0	70.46	70.46			
Shanghai Huayi New Energy Chemical Sales Co., Ltd.	Wholly owned subsidiary of parent company	0.03	-0.03	0			
Shanghai Huayi Group Huayuan Chemical Co., Ltd.	Wholly owned subsidiary of parent company	0	3.53	3.53			
Shanghai Chemical Industry Pressure Vessel Inspection Co., Ltd.	Wholly owned subsidiary of parent company				10.52	72.66	83.18
Shanghai Chlor-Alkali Creation Co., Ltd.	Wholly owned subsidiary of parent company				6.69	27.55	34.24
Shanghai Xintianyuan Chemical Transport Co., Ltd.	Controlled subsidiary of parent company				0.96	31.92	32.88
Shanghai Huayi (Group) Company	Controlling shareholder				157,661.84	-19.80	157,642.04
Shanghai Huayi Group Construction Cost Consultation Co., Ltd.	Controlled subsidiary of parent company				2.85	-2.85	0
Shanghai Huayi Group Finance Co., Ltd.	Wholly owned subsidiary of parent company				0	23.89	23.89
Shanghai Chemical Supply and Marketing Co., Ltd.	Wholly owned subsidiary of parent				25.3	-4.94	20.36

	company						
Shanghai Huayi Information Technology Co., Ltd.	Controlled subsidiary of parent company				0	1.15	1.15
Total		7,598.67	6,476.76	14,075.43	157,709.67	135.09	157,844.76
During the report period the amount of the fund supplied by the Company to its controlling shareholder and subsidiaries (RMB)			64,767,600				
Balance of the fund supplied by the Company to its controlling shareholder and subsidiaries (RMB)			140,754,300				
Reason for related creditor's rights and debts			Formed from purchase and sale in regular production operation				
Impacts of related creditor's rights and debts to the Company's operation results and financial status			No influence on the Company's operating results and financial status				

6. Important contracts and the implementation

1) Trusteeship, contracting and leasing

(1) Trusteeship

In the report period the Company had no trusteeship.

(2) Contracting

In the report period the Company had no contracting.

(3) Leasehold

Unit: RMB'0000

Lessor	Lessee	Leased assets	Amount related to leased asset	Beginning date of leasing	End date of leasing	Income on leasing	Basis for deciding the income on leasing	Related transaction or not	Related relation
Shanghai Chlor-Alkali Chemical Co., Ltd.	Shanghai Huayi Tianyuan Chemical Logistics Co., Ltd.	Fixed assets	2,956.11	09/01/2013	08/31/2014	524.70	Settled as per agreed price	Yes	Controlled subsidiary of parent company
Shanghai Chlor-Alkali Chemical Co., Ltd.	Shanghai Tianyuan Group Shengde Plastic Co., Ltd.	Fixed assets	739.97	01/01/2014	12/31/2014	411.61	Settled as per agreed price	Yes	Wholly owned subsidiary of parent company

2) Particulars of guarantee

√ Not applicable

3) Other significant contracts or transactions

In the report period the Company did not have any other important contract or transaction.

7. Fulfillment of commitments

√ Not applicable

8. Punishment to the listed Company and its Directors, Supervisors, senior executives, shareholders with 5% or higher equity interest, actual controller and purchaser and the correction status
In the report period the Company and its Directors, Supervisors, senior executives, shareholders with 5% or higher equity interest, actual controller and purchaser all had not been checked, punished and publicly reprimanded by China Securities Regulatory Committee, nor publicly condemned by the stock exchange.

6. Changes in Shareholding and Particulars of Shareholders

1. Change of share capital

1) Table of change of share capital

(1) Table of change of share capital

During the report period the Company did not have any change in the total number of shares and the structure of the share capital.

2) Change of shares with limited sales condition

During the report period the Company did not have any change in shares with limited sales condition.

2. Information of shareholders

1) Total number of shareholders and the top 10 shareholders holding more than 5% of the Company's total share capital at end of the report period

Unit: Share

Number of shareholders at end of the report period	107,287, including 45,372 holders of A share and 61,915 holders of B share					
Top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding ratio (%)	Shares held	Increase or decrease in the report period	Shares with limited sales conditions held	Shares pledged or frozen
Shanghai Huayi (Group) Company	State-owned	50.29	581,592,347	0	0	None
SCBHK A/C BBH S/A VANGUARD EMERGING MARKETS STOCK INDEX FUND	Overseas legal person	0.75	8,649,032	0	0	None
Bank of China Wuxi Branch	State-owned legal person	0.23	2,605,981	0	0	None
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	Overseas legal person	0.20	2,261,300	421,100	0	None
Shanghai Huayi Group Investment Co., Ltd.	State-owned legal person	0.16	1,848,100	0	0	None
Chen Cailin	Domestic natural person	0.12	1,399,248	0	0	None
Customer credit trading guarantee securities account of Anxin Securities Co., Ltd.	Other	0.11	1,230,248	1,230,248	0	None
CB LONDON A/C LEGAL AND GENERAL ASSURANCE (PENSIONS MANAGEMENT) LTD	Overseas legal person	0.10	1,200,450	100,000	0	None
Zhongrun Economic Development Co., Ltd.	State-owned legal person	0.10	1,133,000	0	0	None
Customer credit trading	Other	0.10	1,105,769	985,867	0	None

guarantee securities account of Haitong Securities Co., Ltd.						
Top 10 shareholders with no limited sales condition						
Name of shareholder			Shares with no limited sales condition held		Type of share	
Shanghai Huayi (Group) Company			581,592,347		Renminbi ordinary share	
SCBHK A/C BBH S/A VANGUARD EMERGING MARKETS STOCK INDEX FUND			8,649,032		Domestic listed foreign capital share	
Bank of China Wuxi Branch			2,605,981		Renminbi ordinary share	
VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND			2,261,300		Domestic listed foreign capital share	
Shanghai Huayi Group Investment Co., Ltd.			1,848,100		Renminbi ordinary share	
Chen Cailin			1,399,248		Domestic listed foreign capital share	
Customer credit trading guarantee securities account of Anxin Securities Co., Ltd.			1,230,248		Renminbi ordinary share	
CB LONDON A/C LEGAL AND GENERAL ASSURANCE (PENSIONS MANAGEMENT) LTD			1,200,450		Domestic listed foreign capital share	
Zhongrun Economic Development Co., Ltd.			1,133,000		Renminbi ordinary share	
Customer credit trading guarantee securities account of Haitong Securities Co., Ltd.			1,105,769		Renminbi ordinary share	
Remark on related relations or concerted actions between above shareholders	Since January 12, 2009 the Company's shares have been tradable in full, and it now has no shareholder with limited sales condition. Among above shareholders, Shanghai Huayi Group Investment Co., Ltd. is a subsidiary wholly-owned Shanghai Huayi (Group) Company and have a related relation mutually. Except that, the Company have not learned whether the related relation is existing between the other shareholders or whether the other shareholders belong to the concerted actors stipulated in the "Information Disclosure Management Method for Change of Shares held by the Shareholders in the Listed Company".					

3. Change of the controlling shareholder or actual controller

During the report period the Company's controlling shareholder or actual controller were not changed.

7. Particulars of Preference Share

In the report period the Company had no preference share.

8. Particulars of Directors, Supervisors and Senior Executives

1. Change of shareholding

1) Change of the Directors, Supervisors and Senior Executives currently holding the post and leaving the post during the report period

There is no change in shareholding of Directors, Supervisors and senior executives of the Company during the report period.

2. Change of Directors, Supervisors and senior executives

During the report period the Company did not have any change of the Directors, Supervisors and senior executives.

9. Financial Report (unaudited)

1. Financial statements

Consolidated Balance Sheet

June 30, 2014

Prepared by: Shanghai Chlor-Alkali Chemical Co., Ltd.

Unit: RMB

Item	Closing balance	Beginning balance
Current assets:		
Monetary fund	442,262,785.02	573,468,453.52
Settlement reserves		
Loans to other bank		
Transactional financial assets		
Notes receivable	352,334,665.65	378,074,710.56
Accounts receivable	335,733,881.39	219,585,380.39
Advance payment	264,879,481.56	230,394,610.83
Premium receivable		
Reinsurance accounts receivable		
Contract reserve of reinsurance receivable		
Interest receivable		
Dividend receivable		
Other receivables	36,564,324.29	1,481,952.65
Financial assets purchased under agreement to resell		
Inventories	490,416,052.46	390,476,527.64
Non-current assets due in one year		
Other current assets		
Subtotal of current assets	1,922,191,190.37	1,793,481,635.59
Non-current assets:		
Disbursement of entrusted loans and advances		
Salable financial assets	11,402,137.41	10,926,604.39
Held-to-maturity investments		
Long-term receivables		
Long-term equity investment	505,194,026.64	447,852,026.33
Investment real estate		
Fixed assets	3,094,292,338.46	3,313,496,420.90
Construction in progress	223,704,696.08	142,900,085.66
Engineering material	3,706,202.30	1,914,050.52
Disposal of fixed assets	509,074.80	
Productive biological assets		
Oil gas assets		
Intangible assets	249,022,804.86	255,416,359.06
Development expenditure	16,527,167.28	8,805,094.96
Goodwill		
Long-term prepaid expenses	19,444,638.22	16,776,930.53
Deferred income tax assets	1,011,821.71	1,011,821.71
Other non-current assets	33,770.64	
Subtotal of non-current assets	4,124,848,678.40	4,199,099,394.06
Total of assets	6,047,039,868.77	5,992,581,029.65

Current liabilities:		
Short-term loan	550,700,000.00	422,800,855.65
Loan from central bank		
Customer bank deposits and due to banks and other financial institutions		
Loans from financial institutions		
Transactional financial liabilities		
Notes payable		
Accounts payable	469,781,427.26	372,058,908.94
Advance receipts	310,613,317.96	331,371,643.21
Financial assets sold for repurchase		
Handling charges and commission payable		
Staff salary payable	3,354,713.38	947,961.82
Tax payable	16,812,796.23	62,085,362.46
Interest payable	3,209,455.56	3,231,705.95
Dividend payable	2,990,780.97	2,907,553.75
Other payables	741,204,284.33	806,835,168.66
Reinsurance accounts payable		
Reserve of insurance contract		
Customer brokerage deposits		
Securities underwriting brokerage deposits		
Non-current liabilities due in one year		
Other current liabilities		
Subtotal of current liabilities	2,098,666,775.69	2,002,239,160.44
Non-current liabilities:		
Long-term loan		
Bonds payable		
Long-term payables	950,000,000.00	950,000,000.00
Special payables	107,050,000.00	96,000,000.00
Estimated liabilities		
Liabilities for deferred income tax	1,822,834.16	1,795,745.90
Other non-current liabilities	930,800.00	930,800.00
Subtotal of non-current liabilities	1,059,803,634.16	1,048,726,545.90
Subtotal of liabilities	3,158,470,409.85	3,050,965,706.34
Owner's equity (or shareholders' equity):		
Paid-in capital (or share capital)	1,156,399,976.00	1,156,399,976.00
Capital reserves	1,593,703,837.37	1,593,255,392.61
Less: Treasury stock		
Special reserve		
Surplus reserves	11,329,760.39	11,329,760.39
Provision for normal risk		
Undistributed profit	32,114,696.89	87,215,874.60
Converted difference in foreign currency statements		
Owner's equity attributed to parent company	2,793,548,270.65	2,848,201,003.60
Minority interest	95,021,188.27	93,414,319.71
Total of owner's equity	2,888,569,458.92	2,941,615,323.31
Total of liabilities and owner's equity	6,047,039,868.77	5,992,581,029.65

Legal representative: Mr. Li Jun Principal in charge of accounting: Mr. He Gang Head of accounting dept.: Mr. Lai Yonghua

Balance Sheet of Parent Company

June 30, 2014

Prepared by: Shanghai Chlor-Alkali Chemical Co., Ltd.

Unit: RMB

Item	Closing balance	Beginning balance
Current assets:		
Monetary fund	388,610,727.49	520,889,380.61
Transactional financial assets		
Notes receivable	340,899,314.51	359,331,691.41
Accounts receivable	253,878,403.17	172,900,894.31
Advance payment	271,084,724.39	223,657,620.42
Interest receivable		
Dividend receivable		
Other receivables	35,743,118.92	1,146,309.00
Inventories	416,554,470.30	318,452,938.40
Non-current assets due in one year		
Other current assets	20,000,000.00	20,000,000.00
Subtotal of current assets	1,726,770,758.78	1,616,378,834.15
Non-current assets:		
Salable financial assets	8,434,584.40	7,516,634.40
Held-to-maturity investments		
Long-term receivables		
Long-term equity investment	681,200,686.47	623,858,686.16
Investment real estate		
Fixed assets	2,937,970,062.88	3,147,708,955.11
Construction in progress	211,320,408.46	136,595,991.98
Engineering material	3,706,202.30	1,914,050.52
Disposal of fixed assets	507,596.30	
Productive biological assets		
Oil gas assets		
Intangible assets	201,450,550.13	205,724,769.34
Development expenditure	16,527,167.28	8,805,094.96
Goodwill		
Long-term prepaid expenses	18,624,234.60	15,829,943.15
Deferred income tax assets		
Other non-current assets	33,770.64	
Subtotal of non-current assets	4,079,775,263.46	4,147,954,125.62
Total of assets	5,806,546,022.24	5,764,332,959.77
Current liabilities:		
Short-term loan	492,500,000.00	368,350,855.65
Transactional financial liabilities		
Notes payable		
Accounts payable	433,250,056.24	348,490,583.44
Advance receipts	306,318,546.50	323,823,687.69
Staff salary payable	343,078.76	
Tax payable	13,817,600.75	58,852,446.65
Interest payable	3,209,455.56	3,231,705.95
Dividend payable	1,455,904.12	1,372,676.90
Other payables	769,280,823.71	833,863,795.45
Non-current liabilities due in one year		
Other current liabilities		

Subtotal of current liabilities	2,020,175,465.64	1,937,985,751.73
Non-current liabilities:		
Long-term loan		
Bonds payable		
Long-term payables	950,000,000.00	950,000,000.00
Special payables	107,050,000.00	96,000,000.00
Estimated liabilities		
Liabilities for deferred income tax	1,107,687.66	969,995.16
Other non-current liabilities	930,800.00	930,800.00
Subtotal of non-current liabilities	1,059,088,487.66	1,047,900,795.16
Subtotal of liabilities	3,079,263,953.30	2,985,886,546.89
Owner's equity (or shareholders' equity):		
Paid-in capital (or share capital)	1,156,399,976.00	1,156,399,976.00
Capital reserves	1,599,865,166.70	1,599,084,909.20
Less: Treasury stock		
Special reserve		
Surplus reserves	11,329,760.39	11,329,760.39
Provision for normal risk		
Undistributed profit	-40,312,834.15	11,631,767.29
Subtotal of owner's equity (or shareholders' equity)	2,727,282,068.94	2,778,446,412.88
Total of liabilities and owner's equity (or shareholders' equity)	5,806,546,022.24	5,764,332,959.77

Legal representative: Mr. Li Jun Principal in charge of accounting: Mr. He Gang Head of accounting dept.: Mr. Lai Yonghua

Consolidated Income Statement

January to June 2014

Unit: RMB

Item	Amount of current period	Amount of previous period
1. Gross operating income	2,999,608,615.72	3,154,708,285.63
Incl.: Operating income	2,999,608,615.72	3,154,708,285.63
Interest income		
Earned premium		
Income from handling charges and commissions		
2. Gross operating cost	3,075,057,115.82	3,182,925,948.35
Incl.: Operating cost	2,735,822,866.52	2,869,885,871.18
Interest expense		
Expenditure for handling charges and commissions		
Surrenders		
Net payment of claims		
Net reserve of insurance contract appropriated		
Policy dividend expenditure		
Reinsurance premium		
Business tax and extra	9,717,528.42	10,602,483.47
Selling expenses	102,273,725.99	87,607,814.61
Management expenses	173,299,334.53	159,383,395.85
Financial expenses	53,943,660.36	55,446,383.24
Loss from depreciation of assets		

Plus: Income from change of fair value (for loss filled in "—")		
Investment income (for loss filled in "—")	27,942,000.31	38,024,926.29
Incl.: Investment income from affiliated enterprises and joint ventures	27,342,000.31	37,076,163.44
Exchange gain (for loss filled in "-")		
3. Operating profit (for loss filled in "—")	-47,506,499.79	9,807,263.57
Plus: Non-operating income	2,271,433.18	364,320.06
Less: Non-operating expenses	93,897.00	114,115.06
Incl.: Loss from disposal of non-current assets	13,897.00	
4. Gross profit (for gross loss filled in "—")	-45,328,963.61	10,057,468.57
Less: Income tax expenses	2,383,345.66	2,032,517.83
5. Net profit (net loss filled in "—")	-47,712,309.27	8,024,950.74
Net profit attributed to parent company's owners	-49,319,177.83	4,005,046.69
Minority's profit and loss	1,606,868.56	4,019,904.05
6. Earnings per share:		
1) Basic earnings per share	-0.0426	0.0035
2) Diluted earnings per share	-0.0426	0.0035
7. Other composite income	448,444.76	-625,822.39
8. Total amount of composite income	-47,263,864.51	7,399,128.35
Total composite income attributed to owners of parent company	-48,870,733.07	3,379,224.30
Total composite income attributed to minority shareholders	1,606,868.56	4,019,904.05

Legal representative: Mr. Li Jun Principal in charge of accounting: Mr. He Gang Head of accounting dept.: Mr. Lai Yonghua

Income Statement of Parent Company

January to June 2014

Unit: RMB

Item	Amount of current period	Amount of previous period
1. Operating income	2,779,815,871.93	2,663,293,798.77
Less: Operating cost	2,560,194,870.83	2,431,190,571.71
Business tax and extra	8,102,116.01	8,778,233.13
Selling expenses	93,762,818.29	80,626,215.44
Management expenses	141,008,324.99	128,757,453.02
Financial expenses	52,312,343.68	53,541,847.21
Loss from depreciation of assets		
Plus: Income from change of fair value (for loss filled in "—")		
Investment income (for loss filled in "—")	27,942,000.31	37,689,412.51
Incl.: Investment income from affiliated enterprises and joint ventures	27,342,000.31	37,076,163.44
2. Operating profit (for loss filled in "—")	-47,622,601.56	-1,911,109.23
Plus: Non-operating income	1,540,000.00	123,379.33
Less: Non-operating expenses	80,000.00	3,500.00
Incl.: Loss from disposal of non-current assets		
3. Gross profit (for total loss filled in "—")	-46,162,601.56	-1,791,229.90
Less: Income tax expenses	0.00	0.00

4. Net profit (for net loss filled in "—")	-46,162,601.56	-1,791,229.90
5. Earnings per share:		
1) Basic earnings per share		
2) Diluted earnings per share		
6. Other composite income	780,257.50	-1,394,204.68
7. Total amount of composite income	-45,382,344.06	-3,185,434.58

Legal representative: Mr. Li Jun Principal in charge of accounting: Mr. He Gang Head of accounting dept.: Mr. Lai Yonghua

Consolidated Cash Flow Statement

January to June 2014

Unit: RMB

Item	Amount of current period	Amount of previous period
1. Cash flow from operating activities:		
Cash received from sale of goods and rendering of service	3,220,478,350.38	3,525,894,592.01
Net increase of customers' deposit and deposit from same trade		
Net increase of loan from central bank		
Net increase of fund lent from other financial institutions		
Cash received from premium of original insurance contract		
Net cash received from reinsurance business		
Net increase of policyholder's deposits and investments		
Net increase in disposal of transactional financial assets		
Cash from receipt of interest, handling charge and commission		
Net increase of loans from financial institutions		
Net increase of fund for repurchase business		
Tax rebates received	174,418.82	474,830.47
Other cash related to operating activities received	28,038,079.06	35,756,278.21
Subtotal of cash inflow from operating activities	3,248,690,848.26	3,562,125,700.69
Cash paid for purchase of goods and acceptance of service	2,830,452,562.49	2,861,818,951.69
Net increase of customer loan and advances		
Net increase of deposit in central bank and same trade		
Cash for payment of claims due to original insurance contract		
Cash for payment of interest, handling charge and commission		
Cash for payment of policy dividend		
Cash paid to or for employees	165,641,377.26	241,884,852.46
Cash paid for taxes and surcharges	162,008,806.77	122,996,278.85
Other cash paid related to operating activities	92,083,472.39	97,548,292.20
Subtotal of cash outflow from operating activities	3,250,186,218.91	3,324,248,375.20
Net cash flow from operating activities	-1,495,370.65	237,877,325.49
2. Cash flow from investment activities:		
Cash received from disinvestment		307,808.78
Cash received from investment income	600,000.00	59,386.80
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	13,000.00	14,294.50
Net cash received from disposal of subsidiaries and other business units		2,545,251.72
Other cash related to investment activities received		23,300.00
Subtotal of cash inflow from investment activities	613,000.00	2,950,041.80
Cash paid for purchase of fixed assets, intangible assets and	179,100,774.45	199,933,000.20

other long-term assets		
Cash paid for investment	30,000,000.00	
Net increase of pledge loan		
Net cash paid for acquisition of subsidiaries and other business units		
Other cash paid related to investment activities		5,000.00
Subtotal of cash outflow from investment activities	209,100,774.45	199,938,000.20
Net cash flow from investment activities	-208,487,774.45	-196,987,958.40
3. Cash flow from financing activities:		
Cash received from capital contributions		100,000.00
Incl.: Cash received by subsidiaries from capital contributions of minority shareholders		100,000.00
Cash received from loan	542,150,000.00	498,650,000.00
Cash received from issuing bonds		
Other cash received related to financing activities	11,050,000.00	170.39
Subtotal of cash inflow from financing activities	553,200,000.00	498,750,170.39
Cash paid for debt settlement	414,250,855.65	625,705,075.14
Cash paid for distribution of dividend or profit or for payment of interest	60,074,928.06	54,545,214.89
Incl.: Dividend and profit paid by subsidiaries to minority shareholders		27,339.28
Other cash paid related to financing activities		3,180.00
Subtotal of cash outflow from financing activities	474,325,783.71	680,253,470.03
Net cash flow from financing activities	78,874,216.29	-181,503,299.64
4. Impact of change in exchange rate on cash and cash equivalents	-96,739.69	-3,300,784.66
5. Net increase in cash and cash equivalents	-131,205,668.50	-143,914,717.21
Plus: Beginning balance of cash and cash equivalents	573,468,453.52	573,937,087.33
6. Closing balance of cash and cash equivalents	442,262,785.02	430,022,370.12

Legal representative: Mr. Li Jun Principal in charge of accounting: Mr. He Gang Head of accounting dept.: Mr. Lai Yonghua

Cash Flow Statement of Parent Company
January to June 2014

Unit: RMB

Item	Amount of current period	Amount of previous period
1. Cash flow from operating activities:		
Cash received from sale of goods and rendering of service	3,019,013,849.03	3,089,841,788.00
Tax rebates received		
Other cash related to operating activities received	27,450,112.43	32,704,326.06
Subtotal of cash inflow from operating activities	3,046,463,961.46	3,122,546,114.06
Cash paid for purchase of goods and acceptance of service	2,701,488,144.39	2,535,298,831.39
Cash paid to or for employees	121,785,570.89	175,743,794.82
Cash paid for taxes and surcharges	145,500,982.90	104,498,658.54
Other cash paid related to operating activities	83,444,667.33	60,007,713.18
Subtotal of cash outflow from operating activities	3,052,219,365.51	2,875,548,997.93
Net cash flow from operating activities	-5,755,404.05	246,997,116.13
2. Cash flow from investment activities:		
Cash received from disinvestment		307,808.78
Cash received from investment income	600,000.00	305,440.29

Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,294.50
Net cash received from disposal of subsidiaries and other business units		
Other cash related to investment activities received		23,300.00
Subtotal of cash inflow from investment activities	600,000.00	637,843.57
Cash paid for purchase of fixed assets, intangible assets and other long-term assets	173,186,509.08	191,957,659.97
Cash paid for investment	30,000,000.00	21,000,000.00
Net cash paid for acquisition of subsidiaries and other business units		
Other cash paid related to investment activities		5,000.00
Subtotal of cash outflow from investment activities	203,186,509.08	212,962,659.97
Net cash flow from investment activities	-202,586,509.08	-212,324,816.40
3. Cash flow from financing activities:		
Cash received from capital contributions		
Cash received from loan	486,500,000.00	440,000,000.00
Cash received from issuing bonds		
Other cash received related to financing activities	11,050,000.00	
Subtotal of cash inflow from financing activities	497,550,000.00	440,000,000.00
Cash paid for debt settlement	362,350,855.65	555,505,075.14
Cash paid for distribution of dividend or profit or for payment of interest	59,039,144.65	51,794,489.74
Other cash paid related to financing activities		
Subtotal of cash outflow from financing activities	421,390,000.30	607,299,564.88
Net cash flow from financing activities	76,159,999.70	-167,299,564.88
4. Impact of change in exchange rate on cash and cash equivalents	-96,739.69	-3,300,784.66
5. Net increase in cash and cash equivalents	-132,278,653.12	-135,928,049.81
Plus: Beginning balance of cash and cash equivalents	520,889,380.61	495,362,517.37
6. Closing balance of cash and cash equivalents	388,610,727.49	359,434,467.56

Legal representative: Mr. Li Jun Principal in charge of accounting: Mr. He Gang Head of accounting dept.: Mr. Lai Yonghua

Consolidated Statement of Changes in Owners' Equity

January to June 2014

Unit: RMB

Item	Amount of current period					
	Owner's equity attributed to parent company				Minority interest	Total of owner's equity
	Paid-in capital (or share capital)	Capital reserves	Surplus reserves	Undistributed profit		
1. Balance at end of last year	1,156,399,976.00	1,593,255,392.61	11,329,760.39	87,215,874.60	93,414,319.71	2,941,615,323.31
Plus: Change in accounting policy						
Correction of errors in previous period						
Other						
2. Balance at beginning of the	1,156,399,976.00	1,593,255,392.61	11,329,760.39	87,215,874.60	93,414,319.71	2,941,615,323.31

year						
3. Increase or decrease of current period (for decrease filled in "—")		448,444.76		-55,101,177.71	1,606,868.56	-53,045,864.39
1) Net profit				-49,319,177.83	1,606,868.56	-47,712,309.27
2) Other composite income		448,444.76				448,444.76
Subtotal of above 1) and 2)		448,444.76		-49,319,177.83	1,606,868.56	-47,263,864.51
3) Capital contributed or reduced by the owner						
(1) Capital contributed by the owner						
(2) Payment for shares attributed into owner's equity						
(3) Other						
4) Profit distribution				-5,781,999.88		-5,781,999.88
(1) Appropriated surplus reserves						
(2) Appropriated provision for normal risk						
(3) Distribution to owners (or shareholders)				-5,781,999.88		-5,781,999.88
(4) Other						
5) Internal transfer of owner's equity						
(1) Capital reserves transferred into capital (or share capital)						
(2) Surplus reserves transferred into capital (or share capital)						
(3) Surplus reserves covering loss						
(4) Other						
6) Special reserve						
(1) Appropriated in current period						
(2) Used in current period						
7) Other						
4. Closing balance of current period	1,156,399,976.00	1,593,703,837.37	11,329,760.39	32,114,696.89	95,021,188.27	2,888,569,458.92

Unit: RMB

Item	Amount at same period of last year					
	Owner's equity attributed to parent company				Minority interest	Total of owner's equity
	Paid-in capital (or share capital)	Capital reserves	Surplus reserves	Undistributed profit		
1. Balance at end of last year	1,156,399,976.00	1,590,142,742.37	10,384,738.92	71,537,113.31	80,230,030.92	2,908,694,601.52
Plus: Change in accounting policy						
Correction of errors in previous period						
Other						
2. Balance at beginning of the year	1,156,399,976.00	1,590,142,742.37	10,384,738.92	71,537,113.31	80,230,030.92	2,908,694,601.52
3. Increase or decrease of current period (for decrease filled in "—")		-625,822.39		4,005,046.69	11,694,344.26	15,073,568.56
1) Net profit				4,005,046.69	4,019,904.05	8,024,950.74
2) Other composite income		-625,822.39				-625,822.39
Subtotal of above 1) and 2)		-625,822.39		4,005,046.69	4,019,904.05	7,399,128.35
3) Capital contributed or reduced by the owner					7,701,779.49	7,701,779.49
(1) Capital contributed by the owner					7,701,779.49	7,701,779.49
(2) Payment for shares attributed into owner's equity						
(3) Other						
4) Profit distribution					-27,339.28	-27,339.28
(1) Appropriated surplus reserves						
(2) Appropriated provision for normal risk						
(3) Distribution to owners (or shareholders)					-27,339.28	-27,339.28
(4) Other						
5) Internal transfer of owner's equity						
(1) Capital reserves transferred into capital (or share capital)						
(2) Surplus reserves						

transferred into capital (or share capital)						
(3) Surplus reserves covering loss						
(4) Other						
6) Special reserve						
(1) Appropriated in current period						
(2) Used in current period						
7) Other						
4. Closing balance of current period	1,156,399,976.00	1,589,516,919.98	10,384,738.92	75,542,160.00	91,924,375.18	2,923,768,170.08

Legal representative: Mr. Li Jun Principal in charge of accounting: Mr. He Gang Head of accounting dept.: Mr. Lai Yonghua

Statement of Changes in Owners' Equity of Parent Company

January to June 2014

Unit: RMB

Item	Amount of current period				
	Paid-in capital (or share capital)	Capital reserves	Surplus reserves	Undistributed profit	Total of owner's equity
1. Balance at end of last year	1,156,399,976.00	1,599,084,909.20	11,329,760.39	11,631,767.29	2,778,446,412.88
Plus: Change in accounting policy					
Correction of errors in previous period					
Other					
2. Balance at beginning of the year	1,156,399,976.00	1,599,084,909.20	11,329,760.39	11,631,767.29	2,778,446,412.88
3. Increase or decrease of current period (for decrease filled in "—")		780,257.50		-51,944,601.44	-51,164,343.94
1) Net profit				-46,162,601.56	-46,162,601.56
2) Other composite income		780,257.50			780,257.50
Subtotal of above 1) and 2)		780,257.50		-46,162,601.56	-45,382,344.06
3) Capital contributed or reduced by the owner					
(1) Capital contributed by the owner					
(2) Payment for shares attributed into owner's equity					
(3) Other					
4) Profit distribution				-5,781,999.88	-5,781,999.88
(1) Appropriated					

surplus reserves					
(2) Appropriated provision for normal risk					
(3) Distribution to owners (or shareholders)				-5,781,999.88	-5,781,999.88
(4) Other					
5) Internal transfer of owner's equity					
(1) Capital reserves transferred into capital (or share capital)					
(2) Surplus reserves transferred into capital (or share capital)					
(3) Surplus reserves covering loss					
(4) Other					
6) Special reserve					
(1) Appropriated in current period					
(2) Used in current period					
7) Other					
4. Closing balance of current period	1,156,399,976.00	1,599,865,166.70	11,329,760.39	-40,312,834.15	2,727,282,068.94

Unit: RMB

Item	Amount at same period of last year				
	Paid-in capital (or share capital)	Capital reserves	Surplus reserves	Undistributed profit	Total of owner's equity
1. Balance at end of last year	1,156,399,976.00	1,597,355,411.76	10,384,738.92	3,126,574.04	2,767,266,700.72
Plus: Change in accounting policy					
Correction of errors in previous period					
Other					
2. Balance at beginning of the year	1,156,399,976.00	1,597,355,411.76	10,384,738.92	3,126,574.04	2,767,266,700.72
3. Increase or decrease of current period (for decrease filled in "—")		-1,394,204.68		-1,791,229.90	-3,185,434.58
1) Net profit				-1,791,229.90	-1,791,229.90
2) Other composite income		-1,394,204.68			-1,394,204.68
Subtotal of above 1) and 2)		-1,394,204.68		-1,791,229.90	-3,185,434.58
3) Capital contributed or reduced by the owner					
(1) Capital contributed by the					

owner					
(2) Payment for shares attributed into owner's equity					
(3) Other					
4) Profit distribution					
(1) Appropriated surplus reserves					
(2) Appropriated provision for normal risk					
(3) Distribution to owners (or shareholders)					
(4) Other					
5) Internal transfer of owner's equity					
(1) Capital reserves transferred into capital (or share capital)					
(2) Surplus reserves transferred into capital (or share capital)					
(3) Surplus reserves covering loss					
(4) Other					
6) Special reserve					
(1) Appropriated in current period					
(2) Used in current period					
7) Other					
4. Closing balance of current period	1,156,399,976.00	1,595,961,207.08	10,384,738.92	1,335,344.14	2,764,081,266.14

Legal representative: Mr. Li Jun
dept.: Mr. Lai Yonghua

Principal in charge of accounting: Mr. He Gang

Head of accounting

10. Documents for Reference

1. Accounting statements signed and sealed by legal representative, principal in charge of accounting and chief of accounting department;
2. The Articles of Association of Shanghai Chlor-Alkali Co., Ltd. during the report period;
3. The formal version of all files and originals of the announcements disclosed in the newspapers appointed by China Securities Regulatory Committee during the report period;
4. The Company shall furnish the above documents for reference when the China Securities Regulatory Committee and the stock exchange request to provide them and the shareholders request to consult according to the requirements of the statute or the Articles of Association.

Chairman of the Board: Li Jun
Shanghai Chlor-Alkali Chemical Co., Ltd.
August 22, 2014

第十节 备查文件目

- (一) 载有法定代表人、主管会计负责人、会计机构负责人签名并盖章的财务报表；
- (二) 报告期内上海氯碱化工股份有限公司章程；
- (三) 在中国证监会指定报纸上公开披露过的所有公司文件的正本及公告的原稿；
- (四) 上述备查文件在中国证监会、证券交易所要求提供时和股东依据法规或公司章程要求查阅时，公司及时提供。

董事长：

上海氯碱化工股份有限公司

2014 年 8 月 22 日

