



Financial Summary

1. Summary of the principal financial information and financial indicators of the Group:

1.1 *Extracted from the financial statements prepared in accordance with the International Financial Reporting Standards ("IFRS")*

	For the year ended 31 December or as at 31 December				
	2003	2002	2001	2000	1999
	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>	<i>Rmb'000</i>
Turnover	10,343,641	8,009,669	7,808,658	9,014,472	7,075,579
Profit from ordinary activities before taxation	313,398	156,745	213,375	985,493	921,454
Income tax expense	48,652	7,156	40,087	139,391	129,211
Minority interests	5,615	5,268	2,499	5,874	15,176
Profit attributable to shareholders	259,131	144,321	170,789	840,228	777,067
Total assets	11,921,981	12,003,096	11,021,100	11,368,442	11,509,922
Total liabilities	2,899,673	3,179,823	2,265,706	2,233,757	2,775,946
Shareholders' funds (excluding minority interests)	8,968,853	8,765,795	8,701,474	9,078,433	8,678,205
Minority interests	53,455	57,478	53,920	56,252	55,771
Basic earnings per share	Rmb0.065	Rmb0.036	Rmb0.043	Rmb0.210	Rmb0.194
Net assets per share	Rmb2.242	Rmb2.191	Rmb2.175	Rmb2.270	Rmb2.170
Ratio of shareholders' funds	75.23%	73.03%	78.95%	79.86%	75.40%
Return on net assets	2.89%	1.65%	1.96%	9.26%	8.95%



Financial Summary

- 1. Summary of the principal financial information and financial indicators of the Group: (Continued)**
- 1.2 Extracted from the financial statements prepared in accordance with the PRC Accounting Rules and Regulations**

	For the year ended 31 December or as at 31 December				
	2003	Adjusted	2002	Increase/ (decrease)	2001
	Rmb'000	Rmb'000	Before adjusted Rmb'000	to last year compared %	Rmb'000
Income from principal operations	10,343,641	8,009,669	8,009,669	29	7,808,658
Net profit	240,204	139,833	139,833	72	170,789
Total assets	12,078,960	12,179,002	12,179,002	(1)	11,201,494
Shareholders' funds (excluding minority interests)	9,125,832	8,941,701*	8,881,701	2	8,801,868
Earnings per share	Rmb0.060	Rmb0.035	Rmb0.035	72	Rmb0.043
Return on net assets	2.63%	1.56%*	1.57%	69	1.94%
Return on net assets before non-operating loss (weighted average)	2.85%	1.59%*	1.59%	79	2.80%
Net assets per share	Rmb2.281	Rmb2.235*	Rmb2.220	2	Rmb2.200
Adjusted net assets per share	Rmb2.279	Rmb2.234*	Rmb2.220	2	Rmb2.198
Net cash inflow from operating activities per share	Rmb0.333	Rmb0.367	Rmb0.367	(9)	Rmb0.186

* These figures have been adjusted as a result of the change in accounting policy for cash dividend appropriation formulated after the balance sheet date. Details are set out in note 2 of the financial statements prepared in accordance with the IFRS.

- 2. Details of the Group's results for the year ended 31 December 2003 (Extracted from the financial statements prepared in accordance with the PRC Accounting Rules and Regulations)**

(Expressed in Rmb'000)

Profit from principal operations	1,020,927
Profit from other operations	9,775
Operating profit	341,642
Investment income	5,658
Net non-operating expenses	56,169
Total profit	291,131
Net profit before non-operating losses	257,071
Non-operating losses (after taxation)*	16,867
Net profit	240,204
Net cash flow from operating activities	1,332,824
Net increase in cash and cash equivalents	72,957



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2. Details of the Group's results for the year ended 31 December 2003 (Extracted from the financial statements prepared in accordance with the PRC Accounting Rules and Regulations) (Continued)

* Non-operating losses: (Expressed in Rmb'000)

Non-operating income	6,539
Non-operating expenses	(62,708)
Gain on disposal of fixed assets	472
Stock provision written back	35,854
Effect of income tax	2,976
Total	<u>(16,867)</u>

3. Supplementary schedule for the income statement prepared in accordance with the PRC Accounting Rules and Regulations

Profit during the reporting period	Return on net assets (%)		Earnings per share (Rmb)	
	Fully diluted	Weighted average	Fully diluted	Weighted average
Income from principal operations	11.19	11.30	0.255	0.255
Operating profit	3.74	3.78	0.085	0.085
Net profit	2.63	2.66	0.060	0.060
Net profit before non-operating losses	2.82	2.85	0.064	0.064

4. Changes in shareholders' funds during the reporting period (Extracted from the financial statements prepared in accordance with the PRC Accounting Rules and Regulations)

Item	Share capital	Capital reserve ^①	Surplus reserves ^②	Statutory public welfare fund ^③	Undistributed profits ^④	Total shareholders' funds
	(Rmb'000)	(Rmb'000)	(Rmb'000)	(Rmb'000)	(Rmb'000)	(Rmb'000)
At the beginning of the year	4,000,000	3,078,825	1,360,813	301,153	502,063 ^⑤	8,941,701 ^⑤
Increase for the year	-	3,927	48,623	23,974	240,204	292,754
Decrease for the year	-	-	-	-	108,623	108,623
At the end of the year	<u>4,000,000</u>	<u>3,082,752</u>	<u>1,409,436</u>	<u>325,127</u>	<u>633,644</u>	<u>9,125,832</u>

① Change in the capital reserve during the reporting period represents the purchase of fixed assets using the insurance premium subsidy from the controlling shareholder.

② Change in the surplus reserves during the reporting period represents the transfer of Rmb48,623,000 from the income statement.

③ The statutory public welfare fund forms part of the surplus reserves.

④ Changes in undistributed profits during the reporting period represent the Group's net profit of Rmb240,204,000, offset by the transfer of Rmb48,623,000 to the surplus reserves and the payment of the final cash dividend of Rmb60,000,000 for 2002.

⑤ These figures have been adjusted as a result of the change in accounting policy for cash dividend appropriation formulated after the balance sheet date. Details are set out in note 2 of the financial statements prepared in accordance with the IFRS.



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5. Consolidated statement of impairment of assets (Extracted from the financial statements prepared in accordance with the PRC Accounting Rules and Regulations)

	At 1 January 2003 <i>Rmb'000</i>	Increase for the year <i>Rmb'000</i>	Decrease for the year <i>Rmb'000</i>	At 31 December 2003 <i>Rmb'000</i>
1. Total provision for bad and doubtful debts	34,454	9,296	1,273	42,477
Including: Trade receivables	10,832	5,147	742	15,237
Other receivables	23,622	4,149	531	27,240
2. Total provision for diminution in value of inventories	47,186	19,440	35,854	30,772
Including: Raw materials	8,800	–	8,800	–
Finished goods	8,643	19,440	18,961	9,122
Spare parts and consumables	29,743	–	8,093	21,650
3. Total impairment of long-term investment	274,210	8,947	–	283,157
Including: Long-term equity investments*	274,210	8,947	–	283,157

* With reference to the request from the CSRC and the spirit of Specific Accounting Standards for Business Enterprises – Investments implemented in 1999, the Company has reclassified its long-term equity investments for the prior years.



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6. Changes in the financial statement items (Extracted from the financial statements prepared in accordance with the PRC Accounting Rules and Regulations)

Item	At 31	At 31	Increase/ (decrease)	Reason for change
	December 2003 <i>Rmb'000</i>	December 2002 <i>Rmb'000</i>		
Trade receivables	123,861	93,428	33	Increase in sales volume at the year end
Advance payments	74,624	50,712	47	Increase in payment of the advance payments at the year end
Construction in progress	270,480	1,021,353	(74)	Transfer to fixed assets as a result of the completion of the PTA project with an annual capacity of 450,000 tonnes
Construction materials	24,483	614,652	(96)	Transfer to fixed assets as a result of the completion of the PTA project with an annual capacity of 450,000 tonnes
Intangible assets	303,127	41,194	636	Transferred from the patent right as a result of the completion of the PTA project with an annual capacity of 450,000 tonnes
Long-term deferred expenses	304	3,361	(91)	Amortization of long-term deferred expenses during the year
Bills payables	420,239	683,528	(39)	Decrease in purchase of raw materials from Sinopec Yangzi Petrochemical Company Limited (" Yangzi ")
Receipts in advance	231,428	153,184	51	Increase in receipt of payment in advance
Taxes payable	224,652	142,246	58	Increase in Value Added Tax (" VAT ") as a result of the increase in turnover
Other payables	19,969	10,697	87	Increase in education fee and surcharges as a result of the increase in VAT
Accrued expenses	1,631	866	88	Increase in interest accrual at the year end



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6. Changes in the financial statement items (Extracted from the financial statements prepared in accordance with the PRC Accounting Rules and Regulations) (Continued)

Item	2003	2002	Increase/ (decrease)	Reason for Change
	Rmb'000	Rmb'000	%	
Operating profit	341,642	147,604	131	Increase in turnover and gross margin
Business tax and surcharges	46,485	32,389	44	Increase in turnover
Profit/(loss) from other operations	9,775	(1,657)	690	Increase in construction work and water supply service income, and the receipt of the research and development ("R&D") fund
Total profit	291,131	151,465	92	Increase in turnover and gross margin
Financial expenses	71,860	34,360	109	Decrease in interest expenses capitalised as a result of the completion of the PTA project with an annual capacity of 450,000 tonnes
Income tax	45,312	6,364	612	Increase in total profit, and claim of income tax credit relating to the purchase of equipment produced in the PRC in the previous year
Non-operating expenses	62,708	9,300	574	Employee reduction expenses incurred at the year end

7. Differences of net profit between the financial statements of the Group and the Company prepared in accordance with the PRC Accounting Rules and Regulations and the IFRS

	PRC Accounting Rules and Regulations		IFRS	
	The Group	The Company	The Group	The Company
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Net profit	240,204	237,541	259,131	256,468

Explanation of the difference: For detailed explanations of the difference, please refer to the section on "Significant Differences Between the Financial Statements of the Group and the Company Prepared in Accordance with the PRC Accounting Rules and Regulations and the IFRS" of this Annual Report.