

Analysis of Movement in Financial Information (In Accordance with PRC GAAP)

(In RMB Yuan)

Items	As at December 31,		Fluctuation		Reasons of fluctuation
	2003	2002	Amount	%	
Notes receivable	31,487,455	6,355,009	25,132,446	395%	Due to increase in sales revenue
Accounts receivable	153,268,657	678,569,672	(525,301,015)	-77%	Due to collections of accounts receivable and provision for doubtful debts made this year
Other receivables	35,615,442	53,421,209	(17,805,767)	-33%	Due to collections of other receivables
Inventories	1,568,092,833	1,394,227,961	173,864,872	12%	Due to increase in raw material purchase, including crude oil
Fixed assets – cost	15,922,817,553	14,256,524,163	1,666,293,390	12%	Due to completion of construction-in-progress projects and transfer to fixed assets
Accumulated depreciation	(5,879,358,440)	(5,044,779,819)	(834,578,621)	17%	Due to depreciation charge for the year
Construction materials	3,130,000	4,525,097	(1,395,097)	-31%	Due to usage of construction materials
Construction in progress	32,361,820	1,590,672,260	(1,558,310,440)	-98%	Due to completion of construction-in-progress projects and transfer to fixed assets
Intangible assets	1,463,518,889	1,303,212,386	160,306,503	12%	Due to addition of technical know-how relating to Synthetic Ammonia Facilities
Short-term loans	3,204,600,000	3,876,460,000	(671,860,000)	-17%	Due to repayment of borrowings
Accounts payable	1,844,980,631	1,424,133,274	420,847,357	30%	Due to increase in raw material purchase, including crude oil
Advances from customers	1,271,055,240	257,236,354	1,013,818,886	394%	Due to increase in advances from customers for sales of products
Salaries payable	124,125,535	73,643,339	50,482,196	69%	Due to increase in employee wages
Welfare payable	34,342,677	21,767,283	12,575,394	58%	Due to increase in employee wages which caused the increase in the related accruals accordingly
Taxes payable	174,919,468	(86,116,348)	261,035,816	303%	Due to increase in sales revenue and volume, turnover tax, such as consumption tax, also increased
Other payables	111,184,160	365,354,975	(254,170,815)	-70%	Due to payment to the foreign investor of Jilian Company for acquisition of its equity interest and payment of other liabilities
Accrued expenses	53,728,325	28,397,947	25,330,378	89%	Due to timing difference in accrual of interest expenses
Long-term liabilities due within one year	897,399,277	1,660,224,778	(762,825,501)	-46%	Due to repayment of borrowings
Long-term loans	2,077,640,306	2,935,908,319	(858,268,013)	-29%	Due to repayment of borrowings and transfer to current portion of long-term liabilities
Other long-term liabilities	330,258,094	890,896,547	(560,638,453)	-63%	Due to repayment of Ethylene Project loans

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(In RMB Yuan)

Items	For the year ended December 31,		Fluctuation		Reasons of fluctuation
	2003	2002	Amount	%	
Sales revenue	19,064,871,852	12,319,139,488	6,745,732,364	55%	Due to increase in production and sales volume and sales prices
Cost of sales	(16,811,354,227)	(11,074,404,199)	(5,736,950,028)	52%	Due to increase in production and sales volume and purchase cost of raw materials
Sales tax and other levies	(663,823,149)	(479,813,089)	(184,010,060)	38%	Due to increase in sales volume and amount
Other operating (loss)/profit	(53,964,910)	3,252,925	(57,217,835)	-1759%	Due to increase in losses on sales of materials and transportation business
General and administrative expenses	(563,514,425)	(587,427,232)	23,912,807	-4%	Due to decrease in loss on physical inventories
Financial expenses, net	(464,994,136)	(514,647,486)	49,653,350	-10%	Due to decrease in principals and average interest rate of borrowings
Investment loss	(4,337,039)	(8,308,243)	3,971,204	-48%	Due to decrease in operating loss of an associated company
Non-operating income	13,432,589	7,721,827	5,710,762	74%	Due to increase in income from disposal of fixed assets
Non-operating expenses	(64,970,973)	(661,617,796)	596,646,823	-90%	Due to provision for fixed asset impairment made last year. No such provision this year
Minority interests	1,755,470	5,655,464	(3,899,994)	-69%	Due to decrease in net losses of subsidiaries