

# Cash Flow Statements

For The Year Ended December 31, 2004  
(In RMB Yuan)

JILIN CHEMICAL INDUSTRIAL COMPANY LIMITED Annual Report 2004

Items	2004 Group	2003 Group	2004 Company	2003 Company
<b>I. Cash flows from operating activities</b>				
Cash received from sale of goods or rendering of services	34,339,225,120	26,059,285,021	34,118,606,354	25,812,840,772
Government grants	-	502,000	-	502,000
Cash received relating to other operating activities	4,317,299	1,628,325	9,050,668	3,785,329
<b>Sub-total of cash inflows</b>	<b>34,343,542,419</b>	<b>26,061,415,346</b>	<b>34,127,657,022</b>	<b>25,817,128,101</b>
Cash paid for goods and services	(28,406,626,351)	(19,853,797,998)	(28,313,185,838)	(19,708,996,536)
Cash paid to and on behalf of employees	(554,644,033)	(432,322,410)	(482,321,296)	(401,460,600)
Payment of all types of taxes	(1,738,994,156)	(1,299,564,630)	(1,722,245,226)	(1,282,201,359)
Cash paid relating to other operating activities	(270,749,194)	(469,520,643)	(253,296,751)	(460,860,469)
<b>Sub-total of cash outflows</b>	<b>(30,971,013,734)</b>	<b>(22,055,205,681)</b>	<b>(30,771,049,111)</b>	<b>(21,853,518,964)</b>
<b>Net cash flows from operating activities</b>	<b>3,372,528,685</b>	<b>4,006,209,665</b>	<b>3,356,607,911</b>	<b>3,963,609,137</b>
<b>2. Cash flows from investing activities</b>				
Cash received from sale of investments	-	-	-	-
Cash received from return of investments	-	-	-	-
Net cash received from disposal of fixed assets	74,290,268	13,335,348	72,178,273	13,285,031
Cash received relating to other investing activities	-	-	-	-
<b>Sub-total of cash inflows</b>	<b>74,290,268</b>	<b>13,335,348</b>	<b>72,178,273</b>	<b>13,285,031</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(642,131,733)	(681,471,929)	(629,866,868)	(677,634,391)
Cash paid to acquire investments	-	(54,000,000)	-	(54,000,000)
Cash paid relating to other investing activities	-	-	-	-
<b>Sub-total of cash outflows</b>	<b>(642,131,733)</b>	<b>(735,471,929)</b>	<b>(629,866,868)</b>	<b>(731,634,391)</b>
<b>Net cash flows from investing activities</b>	<b>(567,841,465)</b>	<b>(722,136,581)</b>	<b>(557,688,595)</b>	<b>(718,349,360)</b>

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Items	2004	2003	2004	2003
	Group	Group	Company	Company
<b>3. Cash flows from financing activities</b>				
Proceeds from issuing shares	-	100,000	-	-
Including: Cash received from minority shareholders	-	100,000	-	-
Proceeds from borrowings	9,004,240,367	5,440,491,995	8,959,600,367	5,351,291,995
Cash received relating to other financing activities	-	-	-	-
<b>Sub-total of cash inflows</b>	<b>9,004,240,367</b>	<b>5,440,591,995</b>	<b>8,959,600,367</b>	<b>5,351,291,995</b>
Repayment of borrowings	(11,532,047,974)	(8,294,083,962)	(11,482,447,974)	(8,170,883,962)
Cash paid for interest expense and distribution of dividends	(297,749,213)	(427,886,939)	(294,927,456)	(424,568,038)
Including: Dividends paid to minority shareholders	-	-	-	-
Cash paid relating to other financing activities	-	-	-	-
Including: Cash paid to minority shareholders due to reduction of capital of subsidiaries	-	-	-	-
<b>Sub-total of cash outflows</b>	<b>(11,829,797,187)</b>	<b>(8,721,970,901)</b>	<b>(11,777,375,430)</b>	<b>(8,595,452,000)</b>
<b>Net cash flows from financing activities</b>	<b>(2,825,556,820)</b>	<b>(3,281,378,906)</b>	<b>(2,817,775,063)</b>	<b>(3,244,160,005)</b>
<b>4. Effect of foreign exchange rate changes on cash</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>5. Net (decrease)/increase in cash and cash equivalents</b>	<b>(20,869,600)</b>	<b>2,694,178</b>	<b>(18,855,747)</b>	<b>1,099,772</b>

The accompanying notes form an integral part of these financial statements.

Legal representative:	General manager:	Person in charge of accounting function:	Person in charge of accounting department:
<b>Yu Li</b>	<b>Shi Jian Xun</b>	<b>Zhang Li Yan</b>	<b>Liao Hong Wei</b>

## Supplementary Information

Items	2004 Group	2003 Group	2004 Company	2003 Company
<b>I. Reconciliation of net profit to cash flows from operating activities</b>				
Net profit	2,573,760,050	423,995,152	2,573,760,050	423,615,997
Add: Minority interests	(16,523,835)	(1,755,470)	-	-
Provision for impairment of assets	103,884,647	113,568,960	102,547,603	113,568,960
Depreciation of fixed assets	968,250,527	863,572,274	945,948,808	840,730,347
Amortization of intangible assets	121,977,554	114,018,037	121,784,090	113,918,558
Amortization of long-term deferred expenses	60,177,738	58,029,674	60,177,738	58,029,674
(Increase)/decrease in prepaid expenses	(7,461,221)	4,996,946	(7,471,708)	4,746,596
Increase in accrued expenses	-	-	-	-
Gain on disposal of fixed assets	(74,290,268)	(13,335,348)	(72,178,273)	(13,285,031)
Loss on scrapping of fixed assets	47,878,367	39,714,147	47,784,207	39,648,698
Financial expenses	270,070,785	429,782,134	267,249,028	426,463,233
Investment (income)/loss	(40,509,303)	4,337,039	(8,441,868)	12,691,049
Deferred tax assets	(315,580,641)	-	(315,580,641)	-
Increase in inventories	(1,115,504,793)	(186,720,730)	(1,118,704,503)	(151,637,600)
(Increase)/decrease in operating receivables	(249,049,275)	223,216,189	(235,892,783)	175,793,288
Increase in operating payables	1,045,448,353	1,932,790,661	995,626,163	1,919,325,368
<b>Net cash flows from operating activities</b>	<b>3,372,528,685</b>	<b>4,006,209,665</b>	<b>3,356,607,911</b>	<b>3,963,609,137</b>
<b>2. Investing and financing activities that do not involve cash receipts and payments</b>				
Purchase of fixed assets (Note VII-f)	-	159,500,000	-	159,500,000
Convertible bonds maturing within one year	-	-	-	-
Finance lease of fixed assets	-	-	-	-
<b>3. Net increase/(decrease) in cash and cash equivalents</b>				
Cash at the end of the year	14,629,219	35,498,819	11,819,321	30,675,068
Less: Cash at the beginning of the year	(35,498,819)	(32,804,641)	(30,675,068)	(29,575,296)
Cash equivalents at the end of the year	-	-	-	-
Less: Cash equivalents at the beginning of the year	-	-	-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(20,869,600)</b>	<b>2,694,178</b>	<b>(18,855,747)</b>	<b>1,099,772</b>

The accompanying notes form an integral part of these financial statements.

Legal representative:  
Yu Li

General manager:  
Shi Jian Xun

Person in charge of  
accounting function:  
Zhang Li Yan

Person in charge of  
accounting department:  
Liao Hong Wei