

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

JILIN CHEMICAL INDUSTRIAL COMPANY LIMITED Annual Report 2004

Items	December 31, 2004	December 31, 2003	Flux amount & percentage		Reasons of fluctuation
			Amount	%	
Cash and bank	14,629,219	35,498,819	(20,869,600)	-59%	Due to payment for purchase and repayment of borrowings
Notes receivable	10,545,237	31,487,455	(20,942,218)	-67%	Due to timing difference
Accounts receivable	254,700,444	153,268,657	101,431,787	66%	Due to increase in sales revenue
Advance to suppliers	376,959,411	219,531,546	157,427,865	72%	Due to increase in prepayment for purchase of raw materials and equipments
Inventory	2,606,053,383	1,568,092,833	1,037,960,550	66%	Due to increase in purchase of crude oil
Prepaid expenses	19,856,484	12,395,263	7,461,221	60%	Due to increase in input of catalyst
Long-term equity investments	99,139,594	58,630,291	40,509,303	69%	Due to increase of net profit of jointly controlled entity and associate company account using equity method of accounting
Fixed assets - cost	16,196,975,563	15,922,817,553	274,158,010	2%	Due to completion of construction-in-progress projects and transfer to fixed assets
Accumulated depreciation	(6,719,916,853)	(5,879,358,440)	(840,558,413)	14%	Due to depreciation charge for the year
Construction in progress	42,555,665	32,361,820	10,193,845	31%	Due to some improvement projects in progress in year end
Intangible assets	1,345,139,741	1,463,518,889	(118,379,148)	-8%	Due to amortization charge for the year
Long-term deferred expenses	64,648,462	101,751,642	(37,103,180)	-36%	Due to consumption of catalyst
Deferred tax assets	315,580,641	-	315,580,641	100%	Due to recognition of timing difference, including assets impairment provision and fixed asset disposal loss, which can be realised in the near future
Short-term loans	2,918,970,000	3,204,600,000	(285,630,000)	-9%	Due to repayment of borrowings
Accounts payable	1,891,153,893	1,844,980,631	46,173,262	3%	Due to increase in raw material purchase
Advance from customers	2,137,105,902	1,271,055,240	866,050,662	68%	Due to increase in advances from customers for sales of products
Welfare payable	57,854,011	34,342,677	23,511,334	68%	Due to increase in employee wages
Accrued expenses	26,049,897	53,728,325	(27,678,428)	-52%	Due to decrease of accrued interest expense
Long-term liabilities due within one year	167,105,430	897,399,277	(730,293,847)	-81%	Due to repayment of borrowings
Long-term loans	682,499,114	2,077,640,306	(1,395,141,192)	-67%	Due to repayment of borrowings and transfer to current portion of long-term liabilities
Other long-term liabilities	213,515,526	330,258,094	(116,742,568)	-35%	Due to repayment of Ethylene Project loans
Sales revenue	27,902,786,502	19,064,871,852	8,837,914,650	46%	Due to increase in production and sales volume and sales prices
Cost of sales	(23,884,903,088)	(16,811,354,227)	(7,073,548,861)	42%	Due to increase in production and sales volume and purchase cost of raw materials
Sales tax and other levies	(728,022,767)	(663,823,149)	(64,199,618)	10%	Due to increase in taxable sales volume and amount
General and administrative expenses	(612,394,717)	(563,514,425)	(48,880,292)	9%	Due to increase of depreciation and employee costs

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Financial expenses, net	(277,411,445)	(464,994,136)	187,582,691	-40%	Due to decrease in principals of borrowings
Investment income/(loss)	40,509,303	(4,337,039)	44,846,342	-1034%	Due to decrease in net loss of a jointly controlled entity and an associated company
Non-operating income	76,854,281	13,432,589	63,421,692	472%	Due to increase of operating profit of jointly controlled entity and associate company
Non-operating expenses	(85,229,818)	(64,970,973)	(20,258,845)	31%	Due to increase of gain on disposal of fixed assets
Income tax	203,795,690	(270,108)	204,065,798	-75550%	Due to recognition of deferred tax assets exceeding income tax payable
Minority interests	16,523,835	1,755,470	14,768,365	841%	Due to increase in net losses of subsidiaries