

14. Taxation (continued)

(b) Taxes payable in the balance sheets represents:

	The Group		The Company	
	At 30 June 2005 RMB'000	At 31 December 2004 RMB'000 (audited)	At 30 June 2005 RMB'000	At 31 December 2004 RMB'000 (audited)
Income tax	47,559	71,675	18,046	50,276
VAT	94,571	121,101	100,254	114,622
Consumption tax	30,532	40,048	30,532	40,048
Business tax	1,278	3,346	334	1,173
Other taxes	15,060	23,941	14,025	21,940
	189,000	260,111	163,191	228,059

(c) Deferred taxation

	The Group	
	2005 RMB'000	2004 RMB'000 (audited)
At 1 January	41,442	24,853
Deferred taxation arising from provision for inventories and bad debts	-	11,437
Provision for impairment losses and disposal losses of fixed assets	-	5,152
At 30 June / 31 December	41,442	41,442

	The Company	
	2005 RMB'000	2004 RMB'000 (audited)
At 1 January	40,154	24,853
Deferred taxation arising from provision for inventories and bad debts	-	10,149
Provision for impairment losses and disposal losses of fixed assets	-	5,152
At 30 June / 31 December	40,154	40,154

There is no significant deferred tax liability not provided for in the financial statements.

15. Short-term loans

The Group's and Company's short-term loans include:

	The Group		The Company	
	At 30 June 2005 RMB'000	At 31 December 2004 RMB'000 (audited)	At 30 June 2005 RMB'000	At 31 December 2004 RMB'000 (audited)
Short-term bank loans	3,026,841	3,612,727	2,521,602	3,034,556
Short-term loans with related party(Note 29(g))	130,000	130,000	-	-
	3,156,841	3,742,727	2,521,602	3,034,556

At 30 June 2005, there were no secured loans (31 December 2004: Nil).

All short-term loans are unsecured loans without guarantee and payable in full when due. The weighted average interest rate of short-term loans of the Group at 30 June 2005 was 4.31% (31 December 2004: 3.42%)

As at 30 June 2005 and 31 December 2004, the Group and the Company had no significant overdue short-term loan.

Except for the balances disclosed in note 29(g), there is no amount due from major shareholders who held 5% or more shareholding included in the above balance.

16. Trade creditors, bills payable, receipts in advance and other payables

There are no material trade creditors and other payables aged over 3 years.

There is no material receipts in advance aged over 1 year.

Bills payable are mainly bank bills issued for the purchase of material, merchandises and products, generally due in 3 to 6 months.

Except for the balances disclosed in Note 29 (e), there is no amount due to shareholders who held 5% or more shareholding included in the balance of trade creditors, bills payable, receipts in advance and other payables.

16. Trade creditors, bills payable, receipts in advance and other payables *(continued)*

Ageing analysis of trade creditors is as follows:

	The Group			
	At 30 June 2005		At 31 December 2004	
			(audited)	
	Amount	Proportion	Amount	Proportion
	RMB'000	%	RMB'000	%
Within 3 months	851,161	88.50	832,874	91.33
Between 3 and 6 months	62,846	6.53	52,682	5.78
Over 6 months	47,767	4.97	26,384	2.89
	961,774	100.00	911,940	100.00

	The Company			
	At 30 June 2005		At 31 December 2004	
			(audited)	
	Amount	Proportion	Amount	Proportion
	RMB'000	%	RMB'000	%
Within 3 months	696,638	95.17	697,520	98.50
Between 3 and 6 months	5,106	0.70	908	0.13
Over 6 months	30,252	4.13	9,723	1.37
	731,996	100.00	708,151	100.00

17. Dividends

Pursuant to the shareholders' approval at the Annual General Meeting on 28 June 2005, a dividend of RMB 0.20 per share totalling RMB 1,440,000,000 (2003: RMB 0.08 per share totalling RMB 576,000,000) in respect of the year ended 31 December 2004 was approved. During the period ended 30 June 2005, no dividend was paid to shareholders.

18. Accrued expenses

At 30 June 2005, the Group's and the Company's accrued expenses primarily represented accrued interest expenses and other production expenses.

19. Long-term loans and current portion of long-term loans

	The Group		The Company	
	At 30 June 2005 RMB'000	At 31 December 2004 RMB'000 (audited)	At 30 June 2005 RMB'000	At 31 December 2004 RMB'000 (audited)
Between 1 and 2 years	450,447	1,430,178	408,668	1,404,899
Between 2 and 3 years	75,876	456,580	50,596	431,300
Between 3 and 5 years	80,618	62,297	-	7,738
After 5 years	15,000	65,559	15,000	15,000
	621,941	2,014,614	474,264	1,858,937
Current portion of long-term loans	1,997,900	1,257,578	1,870,000	1,114,899
	2,619,841	3,272,192	2,344,264	2,973,836

Long-term loans are analysed as follows:

Repayment terms and last payment date	Interest type	Interest rate at 30 June 2005	Original currency '000	Exchange rate at 30 June 2005	The Group		The Company	
					At 30 June 2005 RMB'000	At 31 December 2004 RMB'000 (audited)	At 30 June 2005 RMB'000	At 31 December 2004 RMB'000 (audited)
Arranged by Central Treasury of the Company:								
U.S. Dollar denominated:								
Due in 2007	Floating	2.24%	50,000	8,2765	408,667	416,402	408,667	416,402
Payable semi-annually through 2008 (Note(a))	Fixed	1.80%	5,371	8,2765	50,597	52,434	50,597	52,434
Renminbi denominated:								
Due in 2005	Fixed	5.05–5.30%			550,000	1,100,000	550,000	1,100,000
Due in 2006	Fixed	4.94%–5.30%			1,220,000	1,220,000	1,220,000	1,220,000
Due in 2006	Fixed	4.94%			100,000	170,000	100,000	170,000
Other loans due in 2005	-	Interest free			15,000	15,000	15,000	15,000
Arranged by subsidiaries:								
Payable annually through 2011	-	Interest free	2,160	8,2765	17,877	20,856	-	-

19. Long-term loans and current portion of long-term loans (continued)

Long-term loans are analysed as follows: (continued)

Repayment terms and last payment date	Interest type	Interest rate at 30 June 2005	Original currency '000	Exchange rate at 30 June 2005	The Group		The Company	
					At 31		At 31	
					December 2005	December 2004	December 2005	December 2004
					RMB'000	RMB'000	RMB'000	RMB'000
Arranged by subsidiaries:								
Renminbi denominated:								
Payable annually from 2001 through 2005	- Interest free	-	-	-	7,400	7,400	-	-
Payable annually through 2010	- Interest free	-	-	-	113,000	123,000	-	-
Due in 2005 and after	Fixed 4.94%-5.58%	-	-	-	126,500	134,500	-	-
Payable annually through 2011	- Interest free	-	-	-	10,800	12,600	-	-
Total long-term loans outstanding					2,619,841	3,272,192	2,344,264	2,973,836
Less: Amounts due within one year					(1,997,900)	(1,257,578)	(1,870,000)	(1,114,899)
Amounts due after one year					621,941	2,014,614	474,264	1,858,937

Note: (a) Guaranteed by China Petrochemical Corporation.

Except for loans indicated as guaranteed, all loans are unsecured loans without guarantee.

20. Other long-term liabilities

Deferred income

	The Group	
	2005 RMB'000	2004 RMB'000 (audited)
Cost:		
At 30 June / 31 December	115,177	115,177
Accumulated amortisation:		
At 1 January	80,626	69,108
Amortisation for the period / year	5,759	11,518
At 30 June / 31 December	86,385	80,626
Net book value:		
At 30 June / 31 December	<u>28,792</u>	<u>34,551</u>

In 1998, the Group obtained the assets, liabilities and employees of certain businesses and various other net assets from the community of Jinshanwei without monetary consideration. The value of net assets obtained amounted to RMB115,177,000 and was recorded as deferred income in the consolidated financial statements.

21. Share capital

	The Group and the Company	
	At 30 June 2005 RMB'000	At 31 December 2004 RMB'000 (audited)
Registered capital:		
4,870,000,000 A shares at par value of RMB 1 each	4,870,000	4,870,000
2,330,000,000 H shares at par value of RMB 1 each	2,330,000	2,330,000
	<u>7,200,000</u>	<u>7,200,000</u>
Issued and paid up capital		
Shares not in trade:		
4,150,000,000 A shares at par value of RMB 1 each		
of which:		
Domestic legal persons owned shares	4,150,000	4,150,000
Total shares not in trade	<u>4,150,000</u>	<u>4,150,000</u>
Shares in trade:		
720,000,000 A shares at par value of RMB 1 each		
2,330,000,000 H shares at par value of RMB 1 each		
of which:		
RMB ordinary A shares listed in the PRC	720,000	720,000
Foreign investment H shares listed overseas	2,330,000	2,330,000
Total shares in trade	<u>3,050,000</u>	<u>3,050,000</u>
Total share capital	<u>7,200,000</u>	<u>7,200,000</u>

All the A and H shares rank pari passu in all respects.

Capital verifications of the issued and paid up capital were performed by KPMG Huazhen. Capital verification reports were issued on 27 October 1993, 10 June 1994, 15 September 1996 and 20 March 1997 accordingly.

22. Capital reserves

	The Group and the Company	
	2005	2004
	RMB'000	RMB'000
		(audited)
Balance at 30 June / 31 December	2,856,278	2,856,278

Balance of capital reserves at 30 June 2005 and 31 December 2004 is represented by:

	Note	The Group and the Company	
		At 30 June 2005	At 31 December 2004
		RMB'000	RMB'000
			(audited)
Share premium		2,420,841	2,420,841
Safety fund	(a)	4,180	4,180
Valuation surplus	(b)	44,887	44,887
Government grants	(c)	386,370	386,370
		2,856,278	2,856,278

- (a) The safety fund represents gifts or grants received from Sinopec for enhancement of production safety.
- (b) Valuation surplus represents the excess of fair value over the carrying value of assets given up in part exchange for investments.
- (c) Government grants represent grants received for the purchase of equipment used for technology improvements.

23. Surplus reserves

The Group and the Company					
Note	Statutory surplus reserve	Statutory public welfare fund	General surplus reserve	Discretionary surplus reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2004	1,060,664	978,575	82,089	1,280,514	3,401,842
Appropriation of net profit (a)	397,127	397,127	–	–	794,254
Balance at 1 January and 30 June 2005	<u>1,457,791</u>	<u>1,375,702</u>	<u>82,089</u>	<u>1,280,514</u>	<u>4,196,096</u>

(a) Pursuant to resolution of the Board, the Company transfer the following proportion of net profit to the surplus reserve for the year ended 31 December 2004:

- | | |
|------------------------------------|-----|
| (i) Statutory surplus reserve | 10% |
| (ii) Statutory public welfare fund | 10% |

24. Income from principal operations

The Group's principal activity is the processing of crude oil into petrochemical products for sale. The Group's income from principal activity and cost of sales represent income received and cost incurred in relation to above activity. The Group's segment information is set out in Note 34.

Income from principal operations represents the invoiced value of goods sold to customers, net of VAT.

For the period ended 30 June 2005, total sales to top five customers are shown below:

	2005	2004
Amount (RMB'000)	<u>8,880,209</u>	6,103,952
Percentage of total sales	<u>40.57%</u>	<u>34.33%</u>

25. Business taxes and surcharges

	Six-month periods ended 30 June			
	The Group		The Company	
	2005	2004	2005	2004
	RMB'000	RMB'000	RMB'000	RMB'000
Consumption tax	276,516	249,422	276,516	249,422
City construction tax	70,904	69,562	69,012	66,840
Education surcharge and others	30,715	31,269	29,577	28,645
Total	378,135	350,253	375,105	344,907

The charge for consumption tax is calculated at RMB277.6 per tonne and RMB117.6 per tonne on the sales of gasoline and diesel respectively in accordance with relevant tax rules and regulations. The charges for city construction tax and education surcharge are based on 7% and 3% respectively of the VAT, consumption tax and business tax paid during the period.

26. Financial expenses

	Six-month periods ended 30 June			
	The Group		The Company	
	2005	2004	2005	2004
	RMB'000	RMB'000	RMB'000	RMB'000
Interest expenses	146,728	185,842	126,093	155,253
Less: Interest income	(18,613)	(20,160)	(14,785)	(15,427)
Net interest expenses	128,115	165,682	111,308	139,826
Exchange loss	1,594	3,670	1,064	3,301
Less: Exchange gain	(741)	(9)	(428)	-
Others	372	2,152	243	1,091
Total	129,340	171,495	112,187	144,218

27. Investment (losses) /income

	Six-month periods ended 30 June			
	The Group		The Company	
	2005	2004	2005	2004
	RMB'000	RMB'000	RMB'000	RMB'000
Cost method	57,814	13,965	15,220	11,292
Share of profit of subsidiaries	-	-	55,735	120,946
Share of loss of associates	(179,328)	(3,737)	(176,885)	-
Investment differences	5,425	5,425	5,425	5,425
Total	<u>(116,089)</u>	<u>15,653</u>	<u>(100,505)</u>	<u>137,663</u>

28. Non-operating expenses

	Six-month periods ended 30 June			
	The Group		The Company	
	2005	2004	2005	2004
	RMB'000	RMB'000	RMB'000	RMB'000
Employee reduction expenses	90,792	86,713	35,465	86,713
Loss on disposal of fixed assets	4,423	47,416	2,900	45,372
Provision for impairment losses on fixed assets	-	34,345	-	34,345
Service fee	22,500	16,000	22,500	16,000
Donations	7,280	389	7,280	369
Other expenses	30,228	2,597	27,067	1,949
Total	<u>155,223</u>	<u>187,460</u>	<u>95,212</u>	<u>184,748</u>

In accordance with the Group's voluntary employee reduction plan, the Group recorded employee reduction expenses of RMB 90,792,000 (period ended 30 June 2004: RMB 86,713,000) during the six-month periods ended 30 June, in respect of the voluntary resignation of approximately 1,246 employees (period ended 30 June 2004: 1,100 employees).

29. Related parties and related party transactions

(a) Company having the ability to exercise significant influence over the Group

Name of company	:	China Petroleum & Chemical Corporation ("Sinopec Corp")
Registered address	:	No.6, Hui Xin Dong Jie Jia, Chao Yang Qu, Beijing
Scope of operations	:	Exploring for, extracting and selling crude oil and natural gas; oil refining; production, sale and transport of petro-chemical, chemical fibres and other chemical products; pipe transport of crude oil and natural gas; research and development and application of new technologies and information.
Relationship with the Company	:	The immediate parent company
Economic nature	:	Joint stock limited company
Authorised representative	:	Chen Tonghai
Registered capital	:	RMB 86.7billion (2004: RMB 86.7billion)

The above registered capital has not been changed during the six-month periods ended 30 June 2005.

As at 30 June 2005, Sinopec Corp held 4 billion shares of the Company. There are no changes during the reporting period.

(b) Companies not having the direct ability to exercise significant influence over the Group

	<u>Relationships with the Company</u>
China Petrochemical Corporation	The ultimate parent company
Sinopec Finance Company Limited	Subsidiary of the ultimate parent company
Sinopec Zhenhai Refining and Chemical Company Limited	Subsidiary of the immediate parent company
Sinopec Huadong Sales Company	Branch of the immediate parent company
Sinopec Storage and Transportation Branch	Branch of the immediate parent company
China International United Petroleum and Chemical Company Limited	Subsidiary of the immediate parent company
Sinopec Acrylic Fibre Sales Branch	Branch of the immediate parent company

29. Related parties and related party transactions *(continued)*

- (c) Most of the transactions undertaken by the Group during the reporting period have been effected with such counterparties and on such terms as have been determined by Sinopec Corp and other relevant authorities.

Sinopec Corp negotiates and agrees the terms of crude oil supply with suppliers on a group basis, which is then allocated among its subsidiaries, including the Group, on a discretionary basis. During the reporting period, the value of crude oil purchased in accordance with Sinopec Corp's allocation was as follows:

	Six-month periods ended 30 June	
	2005	2004
	RMB'000	RMB'000
Purchases of crude oil	12,424,946	8,871,835

- (d) Other transactions between the Group and the other related parties during the period were as follows:

	Six-month periods ended 30 June	
	2005	2004
	RMB'000	RMB'000
Sales of products and service fee income	9,075,959	7,302,057
Purchases other than crude oil	677,597	426,961
Insurance expenses	45,347	46,131
Net decrease in deposits in related party	56,510	29,980
Interest received and receivable	277	1,231
New loans obtained from related party	50,000	25,000
Loans repaid to related party	50,000	50,000
Interest paid and payable	3,315	3,330
Transportation costs	186,133	2,366
Construction and installation fees	93,983	68,580
Net decrease of guarantees	(23,300)	(22,222)

The sales and purchases transactions between the Group and the other related parties as disclosed in note (b) accounted for approximately 90% of the transactions of the similar nature.

The Directors of the Company are of the opinion that the above transactions were entered into in the normal course of business and on normal commercial terms or in accordance with the agreements governing such transactions, and this has been confirmed by the non-executive Directors.

29. Related parties and related party transactions (continued)

(e) At 30 June, the Group's balances with related parties are as follow:

	Immediate Parent Company		Other related parties	
	At 30 June 2005 RMB'000	At 31 December 2004 RMB'000 (audited)	At 30 June 2005 RMB'000	At 31 December 2004 RMB'000 (audited)
Bills receivable	2,714	17,675	26,042	15,705
Trade debtors	43,401	-	335,140	207,244
Other receivables	6,354	67,343	1,044	183,440
Advance payments	15,561	49,760	92,187	44,251
Bills payable	-	14,254	7,100	-
Trade creditors	134,837	98,105	176,519	287,538
Other payables	238	179,551	11,545	9,584
Receipts in advance	2,490	15,275	58,529	35,138

(f) Deposits in related party

	The Group		The Company	
	At 30 June 2005 RMB'000	At 31 December 2004 RMB'000 (audited)	At 30 June 2005 RMB'000	At 31 December 2004 RMB'000 (audited)
Cash at bank and in hand	196,928	252,438	125,926	250,125

(g) Loans with related party

	The Group		The Company	
	At 30 June 2005 RMB'000	At 31 December 2004 RMB'000 (audited)	At 30 June 2005 RMB'000	At 31 December 2004 RMB'000 (audited)
Short-term loans	130,000	130,000	-	-

30. Retirement schemes

As stipulated by the relevant regulations, the Group participates in a defined contribution retirement plan organised by the Shanghai Municipal Government for its staff. The Group is required to make contributions to the retirement plan at a rate of 22.5% of the salaries, bonuses and certain allowances of its staff. The contribution rate has been changed to 22% since 1 August 2004. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at his retirement date. The Group has no other material obligation for the payment of pension benefits associated with this plan beyond the annual contributions described above. In addition, pursuant to a document "Lao Bu Fa (1995) No.464" dated 29 December 1995 issued by the Ministry of Labour of the PRC, the Company has set up a supplementary defined contribution retirement plan for the benefit of employees. Employees who have served the Company for five years or more may participate in this plan. The Company and participating employees make defined contributions to their pension savings account according to the plan. The assets of this plan are held separately from those of the Company in an independent fund administered by a committee consisting of representatives from the employees and the Company. In April 2003, the Company revised certain terms of the plan and increased the amount of contributions. During the six-month period ended 30 June 2005, the Company's contribution to this plan amounted to RMB21,388,000 (period ended 30 June 2004: RMB21,230,000).

31. Capital commitments

Capital commitments outstanding at 30 June 2005 and 31 December 2004 are as follows:

	The Group and the Company	
	At 30 June 2005 RMB'000	At 31 December 2004 RMB'000
Property, plant and equipment		
Contracted but not provided for	171,910	322,797
Authorised by the Board but not contracted for	1,665,288	1,824,985
	1,837,198	2,147,782
Investment		
Contracted but not provided for	146,909	295,886
Total	1,984,107	2,443,668

At 30 June 2005, the Group and the Company do not have significant operating lease commitments.

32. Contingent liabilities

Contingent liabilities of the Group and the Company are as follows:

	The Group		The Company	
	At 30 June 2005	At 31 December 2004	At 30 June 2005	At 31 December 2004
	RMB'000	RMB'000	RMB'000	RMB'000
		(audited)		(audited)
Guarantees issued to banks in favour of:				
-subsidiaries	–	–	772,139	778,859
-associates	40,000	40,000	40,000	40,000
-other unlisted investment companies	38,586	61,886	4,400	29,200
	78,586	101,886	816,539	848,059

Guarantees issued to banks in favour of subsidiaries are given to the extent of the Company's respective equity interest in these entities.

Guarantees issued to banks in favour of associates and other unlisted investment companies are given to the extent of the Group's and the Company's respective equity interest in these entities.

The Group monitors the conditions that are subject to the guarantees to identify whether it is probable that a loss has occurred, and recognised any such losses under guarantees when those losses are estimable. At 30 June 2005, it is not probable that the Group will be required to make payments under the guarantees. Thus no liability has been accrued for a loss related to the Group's and the Company's obligation under these guarantee arrangements.

33. Events after the balance sheet date

On 21 July 2005, the People's Bank of China announced that the PRC government reformed the exchange rate regime by moving into a managed floating exchange rate regime based on market supply and demand with reference to a basket of foreign currencies. Particularly, the exchange rate of US dollar against Renminbi was adjusted upward to 8.11 yuan per US dollar with effect from the time of 19:00 hour on 21 July 2005.

At 30 June 2005, The Group has the following significant cash and cash equivalents and bank loans, which are denominated in foreign currencies.

	At 30 June 2005
	Original currency
	'000
Cash at bank	
- Hong Kong dollars	108,966
- United States dollars	7,359
Bank loans	
- United States dollars	295,543

34. Segment reporting

Segment information is presented in respect of the Group's business segments, the format of which is based on the Group's management and internal reporting structure. In view of the fact that the Company and its subsidiaries operate mainly in the PRC, no geographical segment information is presented.

The Group evaluates performance based on operating profits before income tax and non-operating income and expenses. Certain administrative expenses are allocated based on the percentage of sales.

The Group principally operates in four operating segments: synthetic fibres, resins and plastics, intermediate petrochemicals and petroleum products. All of the Group's products are produced through intermediate steps from the principal raw material of crude oil. The specific products of each segment are as follows:

- (i) The synthetic fibres segment produces primarily polyester and acrylic fibres primarily used in the textile and apparel industries.
- (ii) The resins and plastics segment produces primarily polyester chips, low density polyethylene resins and films, polypropylene resins and PVA granules. The polyester chips are used in the processing of polyester fibres and construction coating materials and containers. Low density polyethylene resins and plastics are used in cable jacketing, sheeting, the manufacture of moulded products, such as housewares and toys and for agricultural and packaging uses. Polypropylene resins are used in the manufacturing of extruded films or sheets and injection moulded products such as housewares, toys and household electric appliance and automobile parts.
- (iii) The intermediate petrochemicals segment primarily produces ethylene and benzene. Most of the intermediate petrochemicals produced by the Group are used by the Group as raw materials in the production of other petrochemicals, resins, plastics and synthetic fibres. A portion of the intermediate petrochemicals as well as certain by-products of the production process are sold to outside customers.
- (iv) The Group's petroleum products segment has crude oil distillation facilities used to produce vacuum and atmospheric gas oils used as feedstocks of the Group's downstream processing facilities. Residual oil and low octane gasoline fuels are produced primarily as a co-product of the crude oil distillation process. A proportion of the residual oil is further processed into qualified refined gasoline and diesel oil. In addition, the Group produces a variety of other transportation, industrial and household heating fuels, such as diesel oils, jet fuels, heavy oils and liquefied petroleum gases.
- (v) All other operating segments represent the operating segments which do not meet the quantitative threshold for determining reportable segments. These include trading, consumer products and services and a variety of other commercial activities, which are not allocated to the above four operating segments.

34. Segment reporting *(continued)*

Income from principal operations

	Six-month periods ended 30 June	
	2005	2004
	RMB'000	RMB'000
Synthetic fibres		
External sales	2,449,372	2,417,891
Intersegment sales	43	34
Sub-total	2,449,415	2,417,925
Resins and plastics		
External sales	6,930,737	5,442,159
Intersegment sales	27,797	15,047
Sub-total	6,958,534	5,457,206
Intermediate petrochemicals		
External sales	3,483,154	2,290,996
Intersegment sales	6,408,146	5,065,567
Sub-total	9,891,300	7,356,563
Petroleum products		
External sales	8,351,262	6,201,821
Intersegment sales	532,169	447,452
Sub-total	8,883,431	6,649,273
All others		
External sales	671,947	1,425,270
Intersegment sales	1,808,478	1,851,705
Sub-total	2,480,425	3,276,975
Elimination of intersegment sales	(8,776,633)	(7,379,805)
Total	21,886,472	17,778,137

34. Segment reporting (continued)

Cost of principal operations

	<u>Six-month periods ended 30 June</u>	
	2005	2004
	RMB'000	RMB'000
Synthetic fibres	2,073,613	2,193,799
Resins and plastics	5,195,695	4,342,349
Intermediate petrochemicals	2,347,794	1,582,029
Petroleum products	8,175,333	5,174,371
All others	570,141	1,286,869
Total	<u>18,362,576</u>	<u>14,579,417</u>

Profit from principal operations

	<u>Six-month periods ended 30 June</u>	
	2005	2004
	RMB'000	RMB'000
Synthetic fibres	364,939	212,614
Resins and plastics	1,704,780	1,070,297
Intermediate petrochemicals	1,115,809	690,379
Petroleum products	(139,473)	740,622
All others	99,706	134,555
Total	<u>3,145,761</u>	<u>2,848,467</u>

35. Net profit before non-recurring items

In accordance with "Standard questions and answers on the preparation of information disclosures by companies publicly issuing securities, No.1-Non-recurring items" (2004 Revised), the Group's net profit excluding non-recurring items is set out as below:

	<u>Six-month periods ended 30 June</u>	
	2005	2004
	RMB'000	RMB'000
Items under non-recurring items		
Non-operating expenses (excluding provision for impairment loss on fixed assets)	155,223	153,115
Non-operating income	(10,766)	(15,092)
Reversal of provision for long-term equity investments in prior years	-	(2,659)
Tax effect for the above items	(21,669)	(20,703)
Total	<u>122,788</u>	<u>114,661</u>