

# Analysis on Items of Accounts with Movements over 30%

- 1 Short-term investments decreased by 100% from the previous year. The was mainly because associated companies repaid the entrusted loans.
- 2 Other receivables decreased by 93.89% from the previous year, mainly due to the settlement of funds appropriation by substantial shareholders.
- 3 Deferred expenses decreased by 99.31% from the previous year. This was mainly because the racks, which was accounted in the item of deferred expenses and amortised on annual basis, was transferred to the item of inventories and calculated with fifty percent method arising from the adjustment to the accounting methods.
- 4 Construction in progress decreased by 98.49% from the previous year. The was mainly because two subsidiaries under preparation in 2005 were completed and put into operation in 2006 and construction in progress was carried forward to the fixed assets.
- 5 Bills payable increased by 126.71% over last year, primarily due to the increased financing of bank acceptance and payment methods.
- 6 Accounts payable increased by 113.16% over last year, primarily due to the increase in scope of consolidation as a result of new additional investments in subsidiaries.
- 7 Accrued expenses decreased by 41.63% from the previous year. mainly attributable to the reasonable reduction of costs.
- 8 Accrued payroll recorded an increase over last year, primarily due to the accrued payable annual bonus but not paid.
- 9 Welfare payable posted an increase over last year, primarily resulting from the increase in accrued payroll.
- 10 Cost from principal operations increased by 40.33% over last year, primarily due to the rise in procurement cost.
- 11 Administrative expenses increased by 199.81% over last year, mainly due to the rise in provision for impairment of assets and scope of consolidation.
- 12 Investment income decreased by 300.89% from the previous year. The was mainly because associated companies recorded a large amount of loss due to the liquidation of assets and joint ventures during the year .
- 13 Subsidy income decreased by 99.26% from the previous year. This was mainly because the Company received the subsidy of over Rmb10,000,0000 for environmental protection and treatment in the previous year and did not receive the subsidy during the year.
- 14 Non-operating income increased by 612.27% over last year, mainly resulting from the disposal of certain fixed assets by the Company's subsidiary Bada Company.
- 15 Non-operating expenses increased by 776.16% over last year, primarily due to the provision for impairment of relevant assets during the year .