

JILIN CHEMICAL INDUSTRIAL COMPANY LIMITED 吉林化學工業股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 0368)

THIRD QUARTERLY REPORT FOR 2005

Highlights of the results of the Company for the nine months ended 30 September 2005:

From 1 January to 30 September, 2005, the Company recorded sales revenue from its principal operations of RMB23,129,520,751, representing an increase of 14.09% as compared with the corresponding period of the previous year, and a net loss of RMB151,431,414.

This quarterly report of the Company is prepared in accordance with the information disclosure requirement on quarterly report of listed companies issued by China Securities Regulatory Commission and Shenzhen Stock Exchange.

All the financial information set out in this quarterly report has been prepared in accordance with the applicable PRC accounting standards.

This quarterly report of the Company is unaudited.

This quarterly report of the Company is published pursuant to the disclosure obligation under Paragraph 2(2) of the Listing Agreement between the Company and The Stock Exchange of Hong Kong Limited.

1. Important Notice

- 1.1 The board of directors (the "Board") of Jilin Chemical Industrial Company Limited (the "Company") and the directors collectively and individually accepts full responsibility for the authenticity, accuracy and completeness of the information contained in this quarterly report and believes that there are no misrepresentations, misleading statements or material omissions contained in this quarterly report.
- 1.2 No director stated that he (she) could not ensure the authenticity, accuracy and completeness of the information contained in this quarterly report or had objection of contents contained in this quarterly report.

1.3 Director no attending the board meeting in person

Director no attending in person	Reason for no attending	Director by appointed as representative
Yu Li	work	Zhang Xingfu
Yang Dongyan	work	Zhang Xingfu
Xiang Ze	work	Zhang Xingfu
Jiang Jixiang	work	Zhang Xingfu
Zhou Henglong	work	Lü Yanfeng
Wang Peirong	work	Lü Yanfeng
Fanny Li	work	Lü Yanfeng

- 1.4 The third quarterly report of the Company is unaudited.
- 1.5 The chairman, Yu Li, the chief financial officer (deputy chief accountant), Zhang Liyan, and the head of the financial department, Wang Chunxia, accept full responsibility for the truthfulness and completeness of the financial statements contained in this quarterly report.

2. Company Profile

2.1 General information regarding the Company

A shares: Jilin Chemica	al H shares: Jilin (Chemica	ıl
Shenzhen Stock	Hong Kong		New York
Exchange	Stock Exchange)	Stock Exchange
000618	0368		JCC
Secretary to the Board	d	Securit	ies matters representative
Zhang Liyan		Nil	
	2		
No. 9 Longtan Street, I	Longtan District,	Jilin Cit	y, Jilin Province, PRC
0432-3028126			
jcic@jcic.com.cn			
	Shenzhen Stock Exchange 000618 Secretary to the Board Zhang Liyan 0432-3903651 3903652 No. 9 Longtan Street, I 0432-3028126	Shenzhen Stock Exchange 000618 Secretary to the Board Zhang Liyan 0432-3903651 3903652 No. 9 Longtan Street, Longtan District, 20432-3028126	Exchange 000618 Stock Exchange 0368 Secretary to the Board Securit Zhang Liyan Nil 0432-3903651 3903652 No. 9 Longtan Street, Longtan District, Jilin Cit 0432-3028126

2.2 Financial Information

2.2.1 Major Accounting Figures and Financial Benchmarks

			Increase/(decrease)
			as at
	As at	As at	September 30, 2005
	September 30,	December 31,	compared with
	2005	2004	as at December 31, 2004
	RMB	RMB	(%)
Total assets Shareholder's equity	12,919,163,712.00	14,392,756,371.00	-10.24%
(excluding minority interests)	5,704,114,730.00	5,853,624,428.00	-2.55%
Net assets per share	1.60	1.64	-2.44%
Adjusted net assets per share	1.56	1.61	-3.11%

	During the reporting period	From January 1, 2005 to September 30, 2005	Increase/(decrease) during the reporting period compared with the same period of last year (%)
Net cash flows from operating		,	•
activities	-875,441,592.00	1,270,315,571.00	-160.61%
Earning per share	-0.08	-0.04	-117.39%
Return on net assets (%)	-4.83%	-2.65%	-116.21%
Return on net assets after			
non-operating profit/loss (%)	-4.21%	-2.01%	-114.03%
non-operating profit/loss			Amounts
 Loss on disposal of fixed Net profit on disposal of intangible assets 	assets		62,476,193.00 -19,643,427.00
3. subsidy income			
(value added tax return)			-2,683,084.00
4. Loss on non-seasonal shut	down		18,058,866.00
5. Write-back of asset			
impairment provision			-900,104.00
6. Other non-operating incom	ne		-2,222,138.00
7. income tax credit			-18,178,481.00
Total			36,907,825.00

2.2.2 Financial Statement

2.2.2.1 UNAUDITED BALANCE SHEETS

	September 30, 2005		Decei	mber 31, 2004
ASSETS	Group	Company	Group	Company
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
CURRENT ASSETS				
Cash and bank	15,543,241.00	14,058,077.00	14,629,219.00	11,819,321.00
Short-term investments				
Notes receivable	1,819,488.00	1,819,488.00	10,545,237.00	9,456,637.00
Dividend receivable				
Interest receivable				
Accounts receivable	227,916,701.00	302,148,200.00	254,700,444.00	322,568,028.00
Other receivables	33,646,347.00	7,349,589.00	45,075,155.00	19,094,936.00
Advances to suppliers	163,882,111.00	160,498,274.00	376,959,411.00	376,874,901.00
Subsidy receivable				
Inventories	2,213,371,330.00	2,163,709,900.00	2,606,053,383.00	2,566,518,007.00
Prepaid expenses	19,814,666.00	18,186,208.00	19,856,484.00	19,474,862.00
Long-term bond investments				
maturing within one year				
Other current assets				
Total current assets	2,675,993,884.00	2,667,769,736.00	3,327,819,333.00	3,325,806,692.00
LONG-TERM INVESTMENTS				
Long-term equity investments	125,925,225.00	163,355,454.00	99,139,594.00	169,469,728.00
Long-term bond investments				
Total long-term investments	125,925,225.00	163,355,454.00	99,139,594.00	169,469,728.00
Including: Consolidation difference				

EIVED ACCETC				
FIXED ASSETS Fixed assets-cost	16 024 620 125 00	15 (01 542 022 00	16 106 075 562 00	15 922 512 602 00
Less: Accumulated depreciation	16,024,620,125.00 7,293,596,941.00	15,691,542,022.00 7,150,806,487.00	16,196,975,563.00 6,719,916,853.00	15,822,513,692.00
Fixed assets-net book value	8,731,023,184.00	8,540,735,535.00	9,477,058,710.00	6,545,147,557.00 9,277,366,135.00
Less: Impairment of fixed assets	419,228,779.00	410,799,267.00	282,023,248.00	269,931,112.00
Fixed assets-net book amount	8,311,794,405.00	8,129,936,268.00	9,195,035,462.00	9,007,435,023.00
Construction materials	14,732,460.00	14,732,460.00		2,837,473.00
		141,824,709.00	2,837,473.00	
Construction in progress	141,824,709.00	141,824,709.00	42,555,665.00	42,555,665.00
Fixed assets pending disposal Total fixed assets	8,468,351,574.00	0 207 402 427 00	0.240.429.600.00	0.052.929.161.00
Total fixed assets	0,400,331,374.00	8,286,493,437.00	9,240,428,600.00	9,052,828,161.00
	Septem	ber 30, 2005	Dece	mber 31, 2004
ASSETS	Group	Company	Group	Company
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
INTANGIBLE AND OTHER ASSETS				
Intangible assets	1,245,725,625.00	1,244,237,512.00	1,345,139,741.00	1,343,581,225.00
Long-term deferred expenses	110,674,349.00	110,674,349.00	64,648,462.00	64,648,462.00
Other long-term assets				
Total intangible and other assets	1,356,399,974.00	1,354,911,861.00	1,409,788,203.00	1,408,229,687.00
DEFERRED TAXES				
Deferred tax assets	292,493,055.00	292,493,055.00	315,580,641.00	315,580,641.00
TOTAL ASSETS	12,919,163,712.00	12,765,023,543.00	14,392,756,371.00	14,271,914,909.00
CURRENT LIABILITIES				
Short-term loans	2,132,160,000.00	2,087,520,000.00	2,918,970,000.00	2,874,330,000.00
Notes payable				
Accounts payable	1,880,956,559.00	1,818,691,188.00	1,891,153,893.00	1,864,805,946.00
Advances from customers	1,993,171,128.00	1,982,845,552.00	2,137,105,902.00	2,119,941,248.00
Salaries payable	167,779,635.00	161,069,400.00	139,240,168.00	139,183,607.00
Welfare payable	74,945,260.00	61,969,868.00	57,854,011.00	48,261,501.00
Dividend payable				
Taxes payable	-106,287,532.00	-107,921,236.00	154,334,897.00	150,912,286.00
Other levies payable				
Other payables	129,400,615.00	123,390,879.00	137,027,193.00	131,685,926.00
Accrued expenses	120,011,366.00	115,468,804.00	26,049,897.00	26,049,897.00
Provisions				
Long-term liabilities due within				
one year	145,321,576.00	145,321,576.00	167,105,430.00	167,105,430.00
Other current liabilities				
Total current liabilities	6,537,458,607.00	6,388,356,031.00	7,628,841,391.00	7,522,275,841.00
LONG-TERM LIABILITIES				
Long-term loans	553,007,385.00	553,007,385.00	682,499,114.00	682,499,114.00
Debentures payable				
Payables due after one year				
Special project payables	440 -40- 00	440 - 4- 40- 00		212 717 72
Other long-term liabilities	119,545,397.00	119,545,397.00	213,515,526.00	213,515,526.00
Total long-term liabilities	672,552,782.00	672,552,782.00	896,014,640.00	896,014,640.00
DEFERRED TAXES				
Deferred tax liabilities	5 21 0 011 200 00	5 0 < 0 000 012 00	0.524.057.021.00	0.410.200.401.00
TOTAL LIABILITIES	7,210,011,389.00	7,060,908,813.00	8,524,856,031.00	8,418,290,481.00
MINORITY INTERESTS	5,037,593.00		14,275,912.00	
SHAREHOLDERS' EQUITY	2 5(1 070 000 00	2 5 (1 0 7 9 0 0 0 0 0 0	2 5 6 1 0 7 9 0 0 0 0 0	2 5 (1 0 7 9 0 0 0 0 0 0
Share capital	3,561,078,000.00	3,561,078,000.00	3,561,078,000.00	3,561,078,000.00
Capital surplus Statutory common reserve fund	2,295,540,602.00	2,295,540,602.00	2,293,618,886.00	2,293,618,886.00
-	699,270,943.00	693,730,248.00	701,442,717.00	693,730,248.00
Including: Statutory common welfare fund	126 924 270 00	125 297 622 00	126 924 270 00	125 207 422 00
	126,834,279.00	125,287,623.00	126,834,279.00	125,287,623.00
Accumulated losses	-851,774,815.00	-846,234,120.00	-702,515,175.00	-694,802,706.00
Foreign exchange difference reserve	5 704 114 720 00	5 704 114 720 00	5 952 624 420 00	5 952 624 420 00
Total shareholders' equity TOTAL LIABILITIES AND	5,704,114,730.00	5,704,114,730.00	5,853,624,428.00	5,853,624,428.00
SHAREHOLDERS' EQUITY	12,919,163,712.00	12,765,023,543.00	14,392,756,371.00	14,271,914,909.00
SHAREHOLDERS EQUIII	14,717,103,714.00	14,103,043,343.00	17,372,730,371.00	17,4/1,714,707.00

2.2.2.2UNAUDITED PROFIT AND LOSS ACCOUNTS AND PROFIT APPROPRIATION STATEMENTS FOR THE PERIOD FROM JULY 1 TO SEPTEMBER 30, 2005

In I	Kmb Yu	an				
	Item			July 1 to per 30, 2005 Company		om July 1 to mber 30, 2004 Company
	Ittili	3	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1.	SAL	ES REVENUE	7,007,325,543.00	6,994,631,971.00	7,715,878,932.00	7,703,580,892.00
	Less:	Cost of sales	6,862,767,315.00	6,847,773,851.00	6,055,172,908.00	6,044,399,024.00
		Sales tax and other levies	161,513,511.00	161,513,511.00	199,044,499.00	199,044,499.00
2.	GRO	SS PROFIT ON SALES	-16,955,283.00	-14,655,391.00	1,461,661,525.00	1,460,137,369.00
	Add:	Other operating loss	-39,248,199.00	-45,903,924.00	3,948,800.00	1,508,024.00
	Less:	Selling expenses	3,555,323.00	3,551,773.00	4,356,284.00	4,355,194.00
		General and administrative				
		expenses	152,256,951.00	141,807,346.00	120,190,557.00	115,095,908.00
		Financial expenses, net	382,832.00	-324,188.00	64,546,981.00	63,203,180.00
3.		RATING (LOSS)/PROFIT	-212,398,588.00	-205,594,246.00	1,276,516,503.00	1,278,991,111.00
	Add:	Investment income	3,315,236.00	-1,800,849.00	11,797,546.00	11,557,884.00
		Subsidy income				
		Non-operating income	22,932,632.00	22,930,698.00	4,107,034.00	4,106,434.00
		Non-operating expenses	230,361,207.00	229,764,417.00	13,081,967.00	12,783,735.00
4.		AL (LOSS)/PROFIT	-416,511,927.00	-414,228,814.00	1,279,339,116.00	1,281,871,694.00
	Less:	Income tax	-138,840,849.00	-138,840,849.00	-366,500,820.00	-366,500,820.00
		Minority interests	-2,283,113.00		-2,532,578.00	
_		unrecognized investment loss				
5.		LOSS)/NET PROFIT	-275,387,965.00	-275,387,965.00	1,648,372,514.00	1,648,372,514.00
	Add:	Accumulated losses at the			2 (51 105 200 00	2 ((2 171 020 00
	TT.	beginning of the period	-578,558,624.00	-570,846,155.00	-2,671,187,298.00	-2,663,474,829.00
,		sfer from other sources	2,171,774.00	046 224 120 00	1 000 014 704 00	1 015 102 215 00
6.		UMULATED LOSSES	-851,774,815.00	-846,234,120.00	-1,022,814,784.00	-1,015,102,315.00
	Less.	Transfer to statutory common reserve fund				
		Transfer to statutory common				
		welfare fund				
		Transfer to staff and workers'				
		bonus and welfare fund				
		Appropriation to Reserve Fund				
		Appropriation to Reserve Fund Appropriation to Enterprise				
		Expansion Fund				
		Redemption of capital				
7.	ACC	UMULATED LOSSES	-851,774,815.00	-846,234,120.00	-1,022,814,784.00	-1,015,102,315.00
		Dividend for preference stocks	, ,	, ,	, , ,	, , ,
		Transfer to discretionary				
		common reserve fund				
		Dividend for common stocks				
		Dividend for common stocks				
		transferred to capital				
8.		UMULATED LOSSES				
		THE END OF THE PERIOD	-851,774,815.00	-846,234,120.00	-1,022,814,784.00	-1,015,102,315.00
	Supp	lementary Information				
	1.	Income from sale and				
		disposal of departments				
		or investees				
	2.	Loss from natural catastrophe				
	3.	Increase in total profit resulting				
		from change in accounting				
		policies				
	4.	Increase in total profit resulting				
		from change in accounting				
	_	estimates				
	5.	Loss from debt restructuring				
	6.	Other				

2.2.2.3UNAUDITED PROFIT AND LOSS ACCOUNTS AND PROFIT APPROPRIATION STATEMENTS FOR THE PERIOD FROM JANUARY 1 TO SEPTEMBER 30, 2005

From January 1 to

From January 1 to

			ber 30, 2005		ember 30, 2004
	Items	-			
	Items	Group (Unaudited)	Company (Unaudited)	Group (Unaudited)	Company (Unaudited)
1.	SALES REVENUE	23,129,520,751.00	23,049,855,657.00	20,272,595,485.00	20,249,122,782.00
	Less: Cost of sales	21,986,180,223.00	21,936,000,556.00	17,010,650,379.00	16,965,599,703.00
	Sales tax and other levies	570,554,354.00	570,554,354.00	565,409,565.00	565,409,565.00
2.	GROSS PROFIT ON SALES	572,786,174.00	543,300,747.00	2,696,535,541.00	2,718,113,514.00
	Add: Other operating loss	-96,981,354.00	-109,005,612.00	-35,648,241.00	-43,443,859.00
	Less: Selling expenses	12,172,237.00	12,165,972.00	20,432,509.00	20,424,375.00
	General and administrative				
	expenses	419,453,674.00	387,720,815.00	502,909,770.00	486,494,507.00
	Financial expenses, net	82,305,426.00	80,468,675.00	213,879,720.00	209,564,865.00
3.	OPERATING (LOSS)/PROFIT	-38,126,517.00	-46,060,327.00	1,923,665,301.00	1,958,185,908.00
	Add: Investment income	14,712,077.00	17,885,726.00	25,360,938.00	3,710,860.00
	Subsidy income	2,683,084.00	2,683,084.00	5 900 015 00	5 772 107 00
	Non-operating income	30,142,169.00	30,094,317.00	5,800,915.00	5,772,197.00
4.	Less: Non-operating expenses TOTAL (LOSS)/PROFIT	244,279,365.00	243,682,575.00	83,185,692.00 1,871,641,462.00	80,709,344.00
4.	Less: Income tax	-234,868,552.00 -87,648,361.00	-239,079,775.00 -87,648,361.00	-366,500,820.00	1,886,959,621.00 -366,500,820.00
	Minority interests	4,211,223.00	-07,040,301.00	-15,318,159.00	-300,300,620.00
	add: unrecognized investment loss	4,211,223.00		-13,316,139.00	
5.	(NET LOSS)/NET PROFIT	-151,431,414.00	-151,431,414.00	2,253,460,441.00	2,253,460,441.00
	Add: Accumulated losses at the	131, 131, 111.00	131,131,111.00	2,233,100,111.00	2,233,100,111.00
	beginning of the period	-702,515,175.00	-694,802,706.00	-3,276,275,225.00	-3,268,562,756.00
	Transfer from other sources	2,171,774.00	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	.,,,	-,,,,
6.	ACCUMULATED LOSSES	-851,774,815.00	-846,234,120.00	-1,022,814,784.00	-1,015,102,315.00
	Less: Transfer to statutory common				
	reserve fund				
	Transfer to statutory common				
	welfare fund				
	Transfer to staff and workers'				
	bonus and welfare fund				
	Appropriation to Reserve Fund				
	Appropriation to Enterprise				
	Expansion Fund				
7.	Redemption of capital ACCUMULATED LOSSES	-851,774,815.00	-846,234,120.00	-1,022,814,784.00	-1,015,102,315.00
7.	Less: Dividend for preference stocks	-031,774,013.00	-040,234,120.00	-1,022,014,704.00	-1,013,102,313.00
	Transfer to discretionary				
	common reserve fund				
	Dividend for common stocks				
	Dividend for common stocks				
	transferred to capital				
8.	ACCUMULATED LOSSES				
	AT THE END OF THE PERIOD	-851,774,815.00	-846,234,120.00	-1,022,814,784.00	-1,015,102,315.00
	Supplementary Information				
	1. Income from sale and disposal				
	of departments or investees				
	2. Loss from natural catastrophe				
	3. Increase in total profit resulting	,			
	from change in accounting				
	policies				
	4. Increase in total profit resulting	,			
	from change in accounting estimates				
	5. Loss from debt restructuring				
	6. Other				
	o. outer				

2.2.2.4 UNAUDITED CASH FLOW STATEMENTS FOR NINE MONTHS ENDED SEPTEMBER 30, 2005

	From January 1 to September 30, 20		
Items	Group	Company	
	(Unaudited)	(Unaudited)	
1. Cash flows from operating activities			
Cash received from sale of goods or	A. 4 (0.040, T 0.000		
rendering of services	27,168,919,596.00	26,994,491,512.00	
Refund of tax	9,674,715.00	9,674,715.00	
Cash received relating to other operating activities	4,111,878.00	3,771,092.00	
Sub-total of cash inflows	27,182,706,189.00	27,007,937,319.00	
Cash paid for goods and services	23,970,744,321.00	23,890,087,648.00	
Cash paid to and on behalf of employees	573,642,723.00	518,575,259.00	
Payment of all types of taxes	1,288,711,815.00	1,261,887,014.00	
Cash paid relating to other operating activities	79,291,759.00	77,046,512.00	
Sub-total of cash outflows	25,912,390,618.00	25,747,596,433.00	
Net cash flows from operating activities	1,270,315,571.00	1,260,340,886.00	
2. Cash flows from investing activities			
Cash received from sale of investments			
Cash received from return of investments	24,000,000.00	24,000,000.00	
Net cash received from disposal of fixed assets			
and intangible assets	44,821,675.00	44,821,675.00	
Cash received relating to other investing activities			
Sub-total of cash inflows	68,821,675.00	68,821,675.00	
Cash paid to acquire fixed assets and other long-term asset	ets 178,911,875.00	171,915,874.00	
Cash paid to acquire investments			
Cash paid relating to other investing activities	2,172,466.00		
Sub-total of cash outflows	181,084,341.00	171,915,874.00	
Net cash flows from investing activities	-112,262,666.00	-103,094,199.00	
3. Cash flows from financing activities			
Proceeds from issuing shares			
Including: Cash received from minority shareholders			
Proceeds from borrowings	6,237,780,000.00	6,237,780,000.00	
Cash received relating to other financing activities			
Sub-total of cash inflows	6,237,780,000.00	6,237,780,000.00	
Repayment of borrowings	7,269,835,712.00	7,269,835,712.00	
Cash paid for interest expense	125,083,171.00	122,952,219.00	
Including: Dividends paid to minority shareholders			
Cash paid relating to other financing activities			
Sub-total of cash outflows	7,394,918,883.00	7,392,787,931.00	
Net cash flows from financing activities	-1,157,138,883.00	-1,155,007,931.00	
4. Effect of foreign exchange rate changes on cash			
5. Net increase in cash and cash equivalents	914,022.00	2,238,756.00	
Supplementary Information			

1. Reconciliation of (net loss)/net profit to cash flows

P		
irom	operating	activities

(Net loss)/Net profit	-151,431,414.00	-151,431,414.00
Add: Provision for impairment of assets	154,319,903.00	154,319,903.00
Depreciation of fixed assets	699,830,361.00	686,351,398.00
Amortization of intangible assets	81,677,543.00	81,607,140.00
Amortization of long-term deferred expenses	22,994,079.00	22,994,079.00
(Increase)/Decrease in prepaid expenses	-76,279.00	1,288,654.00
Increase in accrued expenses	94,983,506.00	90,440,944.00
Gain on disposal of fixed assets	-26,976,081.00	-26,976,081.00
Loss on scrapping of fixed assets	69,808,846.00	68,796,766.00
Financial expenses	124,061,134.00	121,930,182.00
Investment income	-14,712,077.00	-17,885,726.00
Deferred tax credit	23,087,586.00	23,087,586.00
Decrease in inventories	392,012,453.00	402,808,107.00
Decrease in operating receivables	240,480,941.00	264,992,495.00
Decrease in operating payables	-443,956,153.00	-461,983,147.00
Minority interests	4,211,223.00	
Net cash flows from operating activities	1,270,315,571.00	1,260,340,886.00

1. Reconciliation of (net loss)/net profit to cash flows from operating activities

2. Investing and financing activities that do not involve cash receipts and payments

Purchase of fixed assets

Convertible bonds maturing within one year

Finance lease of fixed assets

3. Net increase in cash and cash equivalents

Cash at the end of the period	15,543,241.00	14,058,077.00
Less: Cash at the beginning of the period	14,629,219.00	11,819,321.00
Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	914,022.00	2,238,756.00

2.3 As at September 30, 2005, the total shareholders and the ten largest shareholders of listed shares of the Company were as follows:

Total shareholders 56,481 shareholders

Information concerning the ten largest shareholders of listed share of the Company

Name of shareholders	Number of shares held (shares)	Class
HKSCC Nominees Limited	822,030,699.00	H股
HSBC Nominees (Hong Kong) Limited	135,637,300.00	H股
China Construction Bank – Shangtou Mogan Chi Advantage Securities Investment Funds China Merchants Bank Co., Limited	na 5,652,677.00	A股
- Zhongxin Jingdian Peizhi Securities		. пп
Investment Funds	2,364,934.00	A股
Qiao Liang	1,400,000.00	A股
Zhang Li	1,250,000.00	A股
Huang Sujie	1,150,000.00	A股
Zhao Ying	1,060,000.00	A股
Sun Menglan	1,000,000.00	A股
Zhang Chunlian	994,600.00	A股

3. Management Discussion and Analysis

3.1 Analysis of operating activities of the Company during the reporting period

During the third quarter of 2005, the Company adopted effective measures to ensure its production facilities operated in a safe and stable manner and at full utilization rate, enlarged sales volume of its high margin products, adjusted its product sales strategy in a timely manner and controlled stringently on costs and expenses. However, the Company recorded a loss due to the increase in the price of crude oil to a high level which could not be offset by the increase in the price of refined oil and the writing-off and provision for the impairment of certain fixed assets. For the nine months ended September 30, 2005, the Group had processed 5.07 million tons of crude oil and recorded a sales revenue from principal operations of approximately RMB23,129.52 million, representing an increase of 14.09% as compared with the same period of 2004 and a net loss of approximately RMB151.43 million. As at 30 September 2005, the shareholders' equity was RMB5,704.11 million, representing decrease of 2.55% as compared with 31 December 2004.

3.1.1	.1 Businesses or major products contributed more than 10% of the Company's income or profits from principal operation					
		Applicable		Non-applicable		
						in Rmb Yuan
	Bus	sinesses or products	prin	Income from cipal operation	Cost of principal operation	Gross Profit (%)
		roleum products rochemical and organic	11	,245,566,722.96	12,395,709,945.58	-10.23%
		hemical products	10	,106,866,626.00	8,042,476,795.49	20.43%
		which: connected transaction		,529,690,833.00	16,393,950,329.00	0.82%
3.1.2	1.2 Seasonal or periodic characteristics of the Company's operation					
		Applicable		Non-applicable		
3.1.3	.1.3 Profit composition during the reporting period (significant changes of profit from principal operation, profit from other operations, costs during the reporting period, investment profit, subsidy income, and non-operating income and expenses (net) as a percentage of the total profit as compared with the previous reporting period and the reason for such changes)					
	V	Applicable		Non-applicable		

	From July 1, to September 30, 200		From January 1, to June 30, 2005 As a				
	per		As a ercentage of total		Change	Reasons for	
Items	Amounts	$profit\ (\%)$	Amounts	profit (%)	in ratio	change	
Total (loss)/profit (Loss)/profit from	(416,511,927)	100.00	181,643,375	100.00	-	-	
principal operation Loss from other	(16,955,283)	4.07	589,741,457	324.67	(320.60)	Note1	
operations	(39,248,199)	9.42	(57,733,155)	(31.78)	41.20	_	
Expenses during the reporting period	156,195,106	(37.50)	357,736,231	196.94	(234.44)	Note2	
Investment income	3,315,236		11,396,841	6.27	(234.44) (7.07)	Note2	
Subsidy income	5,515,250	(0.00)	2,683,084	1.48	(7.07)	_	
Non-operating income			2,003,001	1.10			
and expenses, net	207,428,575	(49.80)	6,708,621	3.69	(53.49)	_	
Notes:							
1. The decrease of the profit from principal operation as percentage of the total profit is attributable to the increase of cost of raw material as a result of the increase in the price of crude oil.							
2. The decrease of expenses during the reporting period as percentage of the total profit is attributable to recording a loss in the third quarter.							
3.1.4 Significant changes of principal operation and its structure as compared with the previous reporting period and the reason for such changes							
☐ Applicable	回	Non-ap	plicable				
3.1.5 Significant change of profitability of principal operation (gross profit margin) as compared with the previous reporting period and the reason for such change							
☐ Applicable (see	3.1)	Non-ap	plicable				
Analysis of significant events and its effects and solutions							
☐ Applicable		Non-ap	plicable				
Changes of significant accounting policies, accounting estimates and basis of preparation of the consolidated financial statements and major differences arising from the application of different accounting policies, and the reason for such changes							
☐ Applicable		Non-ap	plicable				
Statement from the board of directors and supervisory committee issued based on "unqualified opinion" on the audited financial statements							

☑ Non-applicable

3.2

3.3

3.4

☐ Applicable

3.5	Warning in respect of forecast on possible loss from the beginning to the end of the next reporting period or significant changes as compared with the same period of previous year, and the reason for such change			
	\square	Applicable		Non-applicable
	If the prices of refined oil and crude oil which are controlled by the State remain unchanged in the future, it is expected that the Company would record a loss of RMB approximately 600 million in 2005.			
3.6	Amendn	nent to the annual business	plan	or budget disclosed by the Company
		Applicable		Non-applicable
3.7		commitment made by origin Merge Reform and its imp		areholders of Non-circulation during the period entation
		Applicable	V	Non-applicable
			J	ilin Chemical Industrial Company Limited Yu Li Chairman

Jilin, PRC 28th October, 2005

The Board of Directors of the Company comprises of: Executive Directors: Yu Li, Zhang Xingfu, Li Chongjie Non-executive Directors: Yang Dongyan, Xiang Ze, Ni Muhua, Jiang Jixiang Independent non-executive Directors: Lü Yanfeng, Wang Peirong, Fanny Li, Zhou Henglong

[&]quot;Please also refer to the published version of this announcement in The Standard"