



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

Abbreviation	A shares: Jilin Chemical H shares: Jilin Chemical		
Stock Exchange	Shenzhen Stock Exchange	Hong Kong Stock Exchange	New York Stock Exchange
Stock code	000618	0368	JCC

	Secretary to the Board	Securities matters representative
Name	Zhang Liyan	Nil
Telephone	0432-3903651 3903652	
Contact address	No. 9 Longtan Street, Longtan District, Jilin City, Jilin Province, PRC	
Facsimile	0432-3028126	
E-mail	jcic@jcic.com.cn	

2.2 Financial Information

2.2.1 Major Accounting Figures and Financial Benchmarks

	As at September 30, 2005	As at December 31, 2004	Increase/(decrease) as at September 30, 2005 compared with as at December 31, 2004 (%)
Total assets	12,919,163,712.00	14,392,756,371.00	-10.24%
Shareholder's equity (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%
			Amounts
1. Loss on disposal of fixed assets			62,476,193.00
2. Net profit on disposal of intangible assets			-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 income			-2,222,138.00
7. income tax credit			-18,178,481.00
			<hr/>
Total			<u>36,907,825.00</u>

2.2.2 Financial Statement

2.2.2.1 UNAUDITED BALANCE SHEETS

In Rmb Yuan

ASSETS	September 30, 2005		December 31, 2004	
	Group (Unaudited)	Company (Unaudited)	Group (Audited)	Company (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				

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

In Rmb Yuan

Items	From July 1 to September 30, 2005		From July 1 to September 30, 2004	
	Group (Unaudited)	Company (Unaudited)	Group (Unaudited)	Company (Unaudited)
1. SALES 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. GROSS 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. OPERATING (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
Less: Non-operating expenses	230,361,207.00	229,764,417.00	13,081,967.00	12,783,735.00
4. TOTAL (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	
add: unrecognized investment loss				
5. (NET 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 beginning of the period	-578,558,624.00	-570,846,155.00	-2,671,187,298.00	-2,663,474,829.00
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				
Redemption of capital				
7. ACCUMULATED LOSSES	-851,774,815.00	-846,234,120.00	-1,022,814,784.00	-1,015,102,315.00
Less: Dividend for preference stocks				
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				

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

In Rmb Yuan

Items	From January 1 to September 30, 2005		From January 1 to September 30, 2004	
	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		
Non-operating income	30,142,169.00	30,094,317.00	5,800,915.00	5,772,197.00
Less: Non-operating expenses	244,279,365.00	243,682,575.00	83,185,692.00	80,709,344.00
4. TOTAL (LOSS)/PROFIT	-234,868,552.00	-239,079,775.00	1,871,641,462.00	1,886,959,621.00
Less: Income tax	-87,648,361.00	-87,648,361.00	-366,500,820.00	-366,500,820.00
Minority interests	4,211,223.00		-15,318,159.00	
add: unrecognized investment loss				
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 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				
Redemption of capital				
7. ACCUMULATED LOSSES	-851,774,815.00	-846,234,120.00	-1,022,814,784.00	-1,015,102,315.00
Less: Dividend for preference stocks				
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				

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

In Rmb Yuan

Items	From January 1 to September 30, 2005	
	Group (Unaudited)	Company (Unaudited)
1. Cash flows from operating activities		
Cash received from sale of goods or 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 assets	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 from 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 (<i>shares</i>)	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 China Advantage Securities Investment Funds	5,652,677.00	A股
China Merchants Bank Co., Limited – Zhongxin Jingdian Peizhi Securities 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 Businesses or major products contributed more than 10% of the Company's income or profits from principal operation

Applicable Non-applicable

in Rmb Yuan

Businesses or products	Income from principal operation	Cost of principal operation	Gross Profit (%)
Petroleum products	11,245,566,722.96	12,395,709,945.58	-10.23%
Petrochemical and organic chemical products	10,106,866,626.00	8,042,476,795.49	20.43%
Of which: connected transaction	16,529,690,833.00	16,393,950,329.00	0.82%

3.1.2 Seasonal or periodic characteristics of the Company's operation

Applicable Non-applicable

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)

Applicable Non-applicable

Items	From July 1, to September 30, 2005		From January 1, to June 30, 2005		Change in ratio	Reasons for change
	Amounts	As a percentage of total profit (%)	Amounts	As a percentage of total profit (%)		
Total (loss)/profit	(416,511,927)	100.00	181,643,375	100.00	-	-
(Loss)/profit from principal operation	(16,955,283)	4.07	589,741,457	324.67	(320.60)	Note1
Loss from other 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	(0.80)	11,396,841	6.27	(7.07)	-
Subsidy income	-	-	2,683,084	1.48	-	-
Non-operating income and expenses, net	207,428,575	(49.80)	6,708,621	3.69	(53.49)	-

Notes:

- 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.
- 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 Non-applicable

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-applicable

3.2 Analysis of significant events and its effects and solutions

Applicable Non-applicable

3.3 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-applicable

3.4 Statement from the board of directors and supervisory committee issued based on "unqualified opinion" on the audited financial statements

Applicable Non-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

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 Amendment to the annual business plan or budget disclosed by the Company

Applicable Non-applicable

3.7 Special commitment made by original shareholders of Non-circulation during the period of Share Merge Reform and its implementation

Applicable Non-applicable

Jilin 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

“Please also refer to the published version of this announcement in The Standard”