

Cash Flow Statement

For the year ended 31 December 2000 (Prepared in accordance with PRC Accounting Regulations)

| | Group 2000 Rmb | Company 2000 Rmb |
|--|----------------------|------------------------|
| 1. Cash flows from operating activities: | | |
| Cash received from sales of goods or rendering of services | 1,393,666,695.00 | * |
| Rental received | 157,692.00 | * |
| Refund of tax | 3,064,973.47 | * |
| Other cash received relating to operating activities | 29,634,400.61 | 32,503,076.46 |
| Sub-total of cash inflows | 1,426,523,761.08 | 32,503,076.46 |
| | | |
| Cash paid for goods and services | 1,041,916,986.41 | * |
| Cash paid for operating leases | 600,000.00 | * |
| Cash paid to and on behalf of employees | 186,885,587.85 | * |
| Value added tax paid | 53,511,834.43 | * |
| Income tax paid | 4,099,125.99 | * |
| Taxes paid other than value added tax and income tax | 21,849,494.33 | * |
| Other cash paid relating to operating activities | 159,066,192.62 | 30,103,896.66 |
| Others | 6,000.00 | * |
| Sub-total of cash outflows | 1,467,935,221.63 | 30,103,896.66 |
| | | |
| Net cash flows from operating activities | (41,411,460.55) | 2,399,179.80 |
| | | |
| 2. Cash flows from investing activities: | | |
| Proceeds from sale of long term investments | 2,064,531.32 | * |
| Cash received from distribution of dividends or profits | 2,894,914.98 | * |
| Cash received from debenture interest | * | * |

| | | |
|---|------------------|-----------------|
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 4,131,054.65 | * |
| Cash received from other investing activities | 1,721,555.37 | * |
| Others * | * | |
| Sub-total of cash inflows | 10,812,056.32 | * |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | 107,442,936.87 | 554,502.11 |
| Cash paid to acquire equity investments | 300,000.00 | 23,000,000.00 |
| Cash paid to acquire debentures | * | * |
| Cash paid to other investing activities | * | * |
| Others * | * | |
| Sub-total of cash outflows | 107,742,936.87 | 23,554,502.11 |
| Net cash flows from investing activities | (96,930,880.55) | (23,554,502.11) |
| 3. Cash flows from financing activities: | | |
| Cash received from equity investments | 5,418,000.00 | * |
| Including: cash received from minority investors of subsidiaries | 5,418,000.00 | * |
| Proceeds from issue of debentures | * | * |
| Proceeds from borrowings | 1,362,466,828.00 | 436,020,628.00 |
| Other proceeds relating to financing activities | 56,393,398.35 | 42,482,193.66 |
| Other | * | * |
| Sub-total of cash inflows | 1,424,278,226.35 | 478,502,821.66 |
| Cash repayments of amounts borrowed | 1,125,040,628.00 | 435,970,628.00 |
| Cash payments of expenses relating to financing activities | * | * |
| Dividend paid or cash payments relating to appropriation of profit | * | * |
| Including: dividend paid to minority shareholders | * | * |
| Cash payments of interest expenses | 150,143,522.76 | 50,046,932.81 |
| Cash paid in respect of finance leases | * | * |

| | | | |
|---|------------------|-----------------|---|
| Less: cash paid in respect of reducing registered capital | | * | * |
| Including: cash paid to minority shareholders for reducing registered capital of subsidiaries | | * | * |
| Cash paid to other financing activities | | * | * |
| Others | | * | * |
| Sub-total of cash outflows | 1,275,184,150.76 | 486,017,560.81 | |
| Net cash flows from financing activities | 149,094,075.59 | (7,514,739.15) | |
| 4. Effect of foreign exchange rate changes on cash | (110,638.81) | (110,638.81) | |
| 5. Net increase/(decrease) in cash and cash equivalents | 10,641,095.68 | (28,780,700.27) | |

Notes:

| | Group 2000 Rmb | Company 2000 Rmb |
|--|----------------------|------------------------|
| 1. Non-cash transactions relating to investing and financing activities: | | |
| Settling debt by fixed asset transfer | * | * |
| Settling debt by investment transfer | * | * |
| Fixed asset transfer to acquire long term investments | * | * |
| Settling debt by stock transfer | * | * |
| Fixed assets acquired using finance leases | * | * |
| Others | * | * |
| 2. Reconciliation of net loss to cash flows from operating activities: | | |
| Net (loss)/profit | (363,597,324.39) | (363,597,324.39) |
| Add:Minority interest | (2,035,439.21) | * |
| Add:Provision for bad debt or bad debt written off | 36,343,211.06 | * |
| Provision for diminution in value of stock | (1,165,767.11) | * |
| Depreciation of fixed assets | 99,910,157.13 | 392,269.00 |
| Amortisation of intangible assets | 3,407,543.37 | * |
| Decrease/(increase) in deferred expenses | (1,739,040.46) | * |

| | | |
|---|------------------|-----------------|
| Increase/(decrease) in accrued expenses | 4,184,110.72 | (1,268,275.00) |
| Loss/(gain) on disposal of fixed assets, | | |
| | Group | Company |
| | 2000 | 2000 |
| | Rmb | Rmb |
| 2. Reconciliation of net loss to cash flows from operating activities: | | |
| intangible assets and other long term assets | (1,229,588.01) | * |
| Fixed assets written off | 38,239.99 | * |
| Financial expenses | 102,007,799.47 | 5,697,430.14 |
| Loss/(gain) arising from investments | (2,595,843.64) | 355,991,234.25 |
| Decrease in inventories | 92,674,728.60 | * |
| (Increase) in operating receivables | (302,056,996.07) | (22,056,922.71) |
| Increase in operating payables (or deduct: decrease) | 294,442,748.00 | 27,240,768.51 |
| Increase/(decrease) in valued added tax - net | * | * |
| Others | * | * |
| Net cash flows from operating activities | (41,411,460.55) | 2,399,179.80 |
| 3. Net decrease in cash and cash equivalents: | | |
| Cash at the end of the year | 399,011,393.68 | 178,305,735.73 |
| Less:Cash at the beginning of the year | 388,370,298.00 | 207,086,436.00 |
| Cash equivalents at the end of the year | * | * |
| Less:Cash equivalents at the beginning of the year | * | * |
| Net increase/(decrease) in cash and cash equivalents | 10,641,095.68 | (28,780,700.27) |