



## CASH FLOWS STATEMENT

PERIOD FROM JANUARY 1, 2001 TO JUNE 30, 2001

	NOTES	Six months ended June 30, 2001 RMB (unaudited)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash received from sales of goods and rendering of services		3,216,331,998
Taxes refunded		167,781,264
Other cash received relating to operating activities		335,475,008
<b>SUBTOTAL CASH INFLOW</b>		<b>3,719,588,270</b>
Cash paid for goods and services		1,075,819,588
Cash paid to and on behalf of employees		311,637,912
Taxes paid		555,756,743
Cash paid for other operating activities	39	1,229,474,269
<b>SUBTOTAL CASH OUTFLOW</b>		<b>3,172,688,512</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>546,899,758</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net cash received from disposal of fixed asset, intangible assets and other non-current assets		2,798,322
<b>SUBTOTAL CASH INFLOW</b>		<b>2,798,322</b>
Cash paid for purchases of fixed assets, intangible assets and other long-term assets		51,384,764
Cash paid for acquisition of Jining III	40	1,354,136,000
<b>SUBTOTAL CASH OUTFLOW</b>		<b>1,405,520,764</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(1,402,722,442)</b>
<b>CASH FLOW FROM CAPITAL RAISING ACTIVITIES</b>		
Cash received from issue of share capital		1,451,303,874
<b>SUBTOTAL CASH INFLOW</b>		<b>1,451,303,874</b>
Dividends paid		235,340,000
<b>SUBTOTAL CASH OUTFLOW</b>		<b>235,340,000</b>
<b>NET CASH INFLOWS FROM CAPITAL RAISING ACTIVITIES</b>		<b>1,215,963,874</b>
<b>EFFECT OF FOREIGN EXCHANGE RATES CHANGES ON CASH</b>		<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>360,141,190</b>

Notes form parts of the financial statements.



## CASH FLOWS STATEMENT – continued

PERIOD FROM JANUARY 1, 2001 TO JUNE 30, 2001

	Six months ended June 30, 2001 RMB (unaudited)
RECONCILIATION OF NET PROFIT TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Net profit	446,638,261
Add:	
Provision for bad debts	4,323,013
Depreciation of fixed assets	412,173,176
Amortization of intangible assets and other assets	17,534,054
Losses on disposal of fixed assets, intangible assets and other long-term assets (Less: gains)	3,548,078
Decrease in deferred expenditures (Less: increase)	(58,551,066)
Increase in accrued expenses (Less: decrease)	33,872,781
Financial expense	–
Decrease in inventories (Less: increase)	(84,236,689)
Decrease in operating receivable (Less: increase)	82,820,054
Increase in operating payable (Less: decrease)	(311,221,904)
Net cash flows from operating activities	<u>546,899,758</u>
Net increase in cash and cash equivalents:	
Cash at the end of the period	1,204,895,557
Less: Cash at the beginning of the period	<u>844,754,367</u>
Net increase in cash and cash equivalents	<u><u>360,141,190</u></u>

Notes form parts of the financial statements.