

STATEMENT OF CASH FLOWS (Under PRC GAAP)

Year ended December 31, 2001

	NOTES	2001		2000
		The Group RMB	The Company RMB	The Company RMB
CASH FLOW FROM OPERATING ACTIVITIES				
Cash received from sales of goods and rendering of services		7,185,415,721	7,185,415,721	5,471,433,780
Taxes refunded		214,033,232	214,033,232	143,824,382
Other cash received relating to operating activities	43	666,944,161	666,944,161	137,529,989
SUB-TOTAL CASH INFLOW		8,066,393,114	8,066,393,114	5,752,788,151
Cash paid for goods and services		2,060,777,762	2,060,777,762	528,230,068
Cash paid to and on behalf of employees		994,990,361	994,990,361	496,584,496
Taxes paid		1,096,236,752	1,096,236,752	1,017,016,621
Other cash paid relating to operating activities	44	2,262,708,458	2,262,708,458	2,635,770,982
SUB-TOTAL CASH OUTFLOW		6,414,713,333	6,414,713,333	4,677,602,167
NET CASH FLOW FROM OPERATING ACTIVITIES		1,651,679,781	1,651,679,781	1,075,185,984
CASH FLOW FROM INVESTING ACTIVITIES				
Net cash received from disposal of fixed assets, intangible assets and other non-current assets		13,685,621	13,685,621	12,736,286
Cash received from purchase of a subsidiary		1,940,515	–	–
SUB-TOTAL CASH INFLOW		15,626,136	13,685,621	12,736,286
Cash paid for purchases of fixed assets, intangible assets and other long-term assets		684,193,133	684,193,133	529,454,877
Cash paid for investments		51,757,724	54,467,627	–
Cash paid for purchase of Jining III	45	1,204,133,000	1,204,133,000	–
Increase in restricted cash		30,000,000	30,000,000	–
SUB-TOTAL CASH OUTFLOW		1,970,083,857	1,972,793,760	529,454,877
NET CASH FLOW FROM INVESTING ACTIVITIES		(1,954,457,721)	(1,959,108,139)	(516,718,591)

STATEMENT OF CASH FLOWS (Under PRC GAAP) (Cont'd)

	NOTES	2001		2000
		The Group RMB	The Company RMB	The Company RMB
CASH FLOW FROM CAPITAL RAISING ACTIVITIES				
Cash received from issue of share capital		1,454,803,875	1,454,803,875	–
SUB-TOTAL CASH INFLOW		1,454,803,875	1,454,803,875	–
Cash paid for purchase of Jining III	45	636,633,960	636,633,960	–
Cash paid for distribution of dividends		235,340,000	235,340,000	231,400,000
SUB-TOTAL CASH OUTFLOW		871,973,960	871,973,960	231,400,000
NET CASH OUTFLOW FROM CAPITAL RAISING ACTIVITIES		582,829,915	582,829,915	(231,400,000)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH				
		–	–	–
NET INCREASE IN CASH AND CASH EQUIVALENTS		280,051,975	275,401,557	327,067,393

Notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS (Under PRC GAAP) (Cont'd)

	NOTES	2001		2000
		The Group RMB	The Company RMB	The Company RMB
SUPPLEMENTAL INFORMATION:				
RECONCILIATION OF NET PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES				
Net profit		1,000,387,449	1,000,387,449	738,986,113
Add: Provision for loss on assets		(26,671,722)	(26,671,722)	(472,461)
Depreciation of fixed assets		811,750,331	811,750,331	507,989,738
Amortization of intangible assets and other assets		30,433,568	30,470,042	8,470,335
Loss on disposal of fixed assets, intangible assets and other long-term assets		5,811,569	5,811,569	11,600,850
Decrease in deferred expenditures (or deduct: increase)		(76,316,068)	(76,316,068)	(53,787)
Decrease in inventories (or deduct: increase)		(163,450,978)	(163,450,978)	47,547,674
Decrease in operating receivables (or deduct: increase)		19,945,412	19,945,412	(219,403,075)
Increase in operating payables (or deduct: decrease)		49,790,220	49,753,746	(19,479,403)
Net cash flow from operating activities		<u>1,651,679,781</u>	<u>1,651,679,781</u>	<u>1,075,185,984</u>
Net increase in cash and cash equivalents:				
Cash at end of the year		1,124,806,342	1,120,155,924	844,754,367
Less: Cash at beginning of the year		<u>844,754,367</u>	<u>844,754,367</u>	<u>517,686,974</u>
Net increase in cash and cash equivalents		<u><u>280,051,975</u></u>	<u><u>275,401,557</u></u>	<u><u>327,067,393</u></u>

Notes are an integral part of the financial statements.