

CASH FLOW STATEMENT

2003.1 ~ 6

Appendix I

Interim financial report prepared under the PRC accounting standards

Unit:RMB

ITEM	HOLDING COMPANY	GROUP
1.Cash Flows from Operating Activities		
Cash received from sales of goods or rendering of services	1,989,706,459.96	2,305,753,174.93
Refund of taxes and levy	—	990,000.00
Other cash received relating to operating activities	44,887,255.73	65,159,611.31
Sub -total of cash inflows	2,034,593,715.69	2,371,902,786.24
Cash paid for goods and services	740,031,715.09	1,051,529,099.82
Cash paid to and on behalf of employees	312,343,353.16	316,932,047.58
Tax paid	133,942,897.03	138,355,794.54
Other cash paid relating to operating activities	73,443,652.03	88,154,876.46
Sub -total of cash outflows	1,259,761,617.31	1,594,971,818.40
Net Cash flows from operating activities	774,832,098.38	776,930,967.84
2.Cash Flows from Investing Activities		
Cash received from disposal of investments	—	—
Cash received from investment income	318,192.51	318,192.51
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	19,829,606.00	19,829,606.00
Other cash received relating to investing activities	—	—
Sub -total of cash inflows	20,147,798.51	20,147,798.51
Cash paid to acquire fixed assets, intangible assets and other long-term assets	483,469,827.08	484,282,213.28
Cash paid to acquire equity investment	—	—
Cash paid to acquire debt investment	—	—
Other cash paid relating to investing activities	—	—
Sub-total of cash outflows	483,469,827.08	484,282,213.28
Net cash flows from investing activities	-463,322,028.57	-464,134,414.77
3.Cash Flows from Financing Activities		
Proceeds from issuing shares	—	—
Proceeds from borrowings	79,760,000.00	82,260,000.00
Other proceeds relating to financing activities	—	—
Sub -total of cash inflows	79,760,000.00	82,260,000.00
Cash out for the payment of loans	94,985,000.00	107,485,000.00
Cash payments of expenses on any financing activities	—	—
Cash payments for distribution of dividends or profits	383,574,587.52	384,192,743.52
Other cash payments relating to financing activities	54,264,166.93	54,264,166.93
Sub -total of cash outflows	532,823,754.45	545,941,910.45
Net cash flows from financing activities	-453,063,754.45	-463,681,910.45

CASH FLOW STATEMENT *(continued)*

2003.1 ~ 6

Unit:RMB

ITEM	HOLDING COMPANY	GROUP
4.Effect of Foreign Exchange Rate Changes on Cash	-270,554.13	-574,459.33
5.Net Increase in Cash and Cash Equivalents	-141,824,238.77	-151,459,816.71
Supplemental Information		
1.Reconciliation of Net profit to Cash Flows from		
Operating Activities		
Net profit	456,531,512.77	458,088,573.14
Add:minority interest	-	239,532.80
Add:provision for assets	6,521,991.43	6,760,254.86
Depreciation of fixed assets	366,997,620.95	396,505,020.29
Amortization of intangible assets	166,378.92	166,378.92
Amortization of long-term deferred expense	1,110,900.00	1,110,900.00
Amortization of deferred expense	-435,932.64	-432,696.21
Increase in accruals	20,236,700.63	20,627,462.97
Losses on disposal of fixed assets, intangible assets and other long-term assets (or deduct:gains)	-11,116,401.67	-11,116,401.67
Losses on scrapping of fixed assets	-	-
Financial expenses	46,222,340.68	46,841,138.02
Losses arising from investments(or deduct gains)	-15,469,527.93	-1,641,412.82
Deferred of tax credit(or:deduct:debit)	-	-
Decrease in inventories (or deduct: increase)	3,170,247.75	4,725,879.02
Decrease in operating receivables (or deduct: increase)	-66,789,672.83	-107,833,525.00
Increase in operating payables(or deduct: decrease)	-32,314,059.68	-37,110,136.48
Others	-	-
Net Cash flows from operating activities	774,832,098.38	776,930,967.84
2.Net Increase in Cash and Cash Equivalents		
Cash at the end of the period	271,952,472.36	563,544,446.63
Less: Cash at the beginning of the period	413,776,711.13	715,004,263.34
Plus: Cash equivalents at the end of period		
Less: Cash equivalents at the beginning of period		
Net Increase in Cash and Cash Equivalents	-141,824,238.77	-151,459,816.71