

Cash Flow Statement (under PRC GAAP)

For the year ended December 31, 2003

	NOTES	The Group		The Company	
		2003 RMB	2002 RMB	2003 RMB	2002 RMB
1. CASH FLOW FROM OPERATING ACTIVITIES:					
Cash received from sales of goods or rendering of services		9,384,648,816	8,564,833,180	9,364,599,916	8,554,804,872
Taxes refunded		66,971,847	76,549,371	66,971,847	76,549,371
Other cash received relating to operating activities	45	891,392,452	1,095,669,128	887,375,392	1,093,233,717
Sub-total of cash inflows		10,343,013,115	9,737,051,679	10,318,947,155	9,724,587,960
Cash paid for goods and services		2,502,187,312	2,507,018,482	2,484,814,422	2,502,928,837
Cash paid to and on behalf of employees		1,505,769,853	1,365,705,578	1,505,483,554	1,365,615,347
Taxes and surcharges paid		923,678,945	816,698,078	921,249,924	813,695,443
Other cash paid relating to operating activities	46	2,663,316,624	2,664,269,943	2,661,116,906	2,659,437,508
Sub-total of cash outflows		7,594,952,734	7,353,692,081	7,572,664,806	7,341,677,135
NET CASH FLOW FROM OPERATING ACTIVITIES		2,748,060,381	2,383,359,598	2,746,282,349	2,382,910,825
2. CASH FLOW FROM INVESTING ACTIVITIES:					
Cash received from the disposal of investments		88,702,100	53,685,273	88,702,100	53,685,273
Cash received from return on investments		10,416,971	–	12,358,990	651,148
Net cash received from disposal of fixed assets		34,398,163	47,799,358	34,398,163	47,799,358
Decrease in restricted cash		34,239,354	–	34,239,354	–
Sub-total of cash inflows		167,756,588	101,484,631	169,698,607	102,135,779
Cash paid to acquire fixed assets		1,357,857,178	842,469,768	1,357,849,378	842,149,469
Cash paid to acquire investments		100,000,000	118,839,365	100,000,000	118,839,365
Net cash paid for acquisition of a subsidiary	47	11,185,513	–	11,691,884	–
Cash paid for acquisition of Railway Assets		–	1,282,444,340	–	1,282,444,340
Increase in restricted cash		–	21,760,596	–	21,760,596
Sub-total of cash outflows		1,469,042,691	2,265,514,069	1,469,541,262	2,265,193,770
NET CASH FLOW USED IN INVESTING ACTIVITIES		(1,301,286,103)	(2,164,029,438)	(1,299,842,655)	(2,163,057,991)

Cash Flow Statement (under PRC GAAP) (Cont'd)

For the year ended December 31, 2003

NOTES	The Group		The Company	
	2003 RMB	2002 RMB	2003 RMB	2002 RMB
3. CASH FLOW FROM FINANCING ACTIVITIES:				
Cash received from borrowings	–	1,600,000,000	–	1,600,000,000
Sub-total of cash inflows	–	1,600,000,000	–	1,600,000,000
Repayments of borrowings	600,000,000	400,000,000	600,000,000	400,000,000
Cash paid for acquisition of Jining III	13,247,800	636,633,896	13,247,800	636,633,896
Dividends paid	298,480,000	287,000,000	298,480,000	287,000,000
Dividends paid to minority shareholder of a subsidiary	1,765,539	591,974	–	–
Cash paid for interest expenses	53,682,000	75,737,500	53,682,000	75,737,500
Sub-total of cash outflows	967,175,339	1,399,963,370	965,409,800	1,399,371,396
NET CASH FLOW (USED IN) FROM FINANCING ACTIVITIES	(967,175,339)	200,036,630	(965,409,800)	200,628,604
4. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	–	–	–	–
5. NET INCREASE IN CASH AND CASH EQUIVALENTS	479,598,939	419,366,790	481,029,894	420,481,438

The accompanying notes are part of the financial statements.

NOTES	The Group		The Company	
	2003 RMB	2002 RMB	2003 RMB	2002 RMB
SUPPLEMENTAL INFORMATION:				
1. RECONCILIATION OF NET PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES:				
Net profit	1,105,364,647	1,003,115,498	1,105,364,647	1,003,115,498
Add: Minority interest	522,072	3,064,740	-	-
Impairment losses on assets	80,271,568	66,203,577	80,271,568	66,203,577
Depreciation of fixed assets	933,708,954	869,077,231	933,584,803	869,011,035
Provision for Wei Jian Fei	259,673,766	230,609,946	259,673,766	230,609,946
Amortization of intangible assets and other assets	28,797,933	19,816,651	28,797,933	19,816,651
Losses (gains) on disposal of fixed assets	(6,871,511)	1,093,362	(6,871,511)	1,093,362
Decrease in deferred expenses	15,914,457	487,507	15,914,457	487,507
Financial expenses	53,682,000	75,737,500	53,682,000	75,737,500
Gains arising from investments	(10,416,971)	(3,687,968)	(10,991,229)	(7,059,098)
Decrease (increase) in inventories	75,804,726	(131,235,706)	72,866,711	(137,682,780)
Decrease (increase) in receivables under operating activities	(292,674,819)	162,089,489	(304,976,022)	169,578,893
Increase in payables under operating activities	504,283,559	86,987,771	518,965,226	91,998,734
NET CASH FLOW FROM OPERATING ACTIVITIES	2,748,060,381	2,383,359,598	2,746,282,349	2,382,910,825
2. NET INCREASE IN CASH AND CASH EQUIVALENTS:				
Cash at the end of the year	48/51(3) 2,023,772,071	1,544,173,132	2,021,667,256	1,540,637,362
Less: Cash at the beginning of the year	1,544,173,132	1,124,806,342	1,540,637,362	1,120,155,924
NET INCREASE IN CASH AND CASH EQUIVALENTS	479,598,939	419,366,790	481,029,894	420,481,438

The accompanying notes are part of the financial statements.