

Cash Flow Statements

For the year ended December 31, 2003

(In RMB Yuan)

Items	2003 Group	2002 Group	2003 Company	2002 Company
I. Cash flows from operating activities				
Cash received from sale of goods or rendering of services	26,059,285,021	16,476,646,108	25,812,840,772	16,267,033,425
Refund of tax	502,000	—	502,000	—
Cash received relating to other operating activities	1,628,325	1,364,376	3,785,329	1,344,533
Sub-total of cash inflows	26,061,415,346	16,478,010,484	25,817,128,101	16,268,377,958
Cash paid for goods and services	(19,853,797,998)	(12,868,905,297)	(19,708,996,536)	(12,809,493,787)
Cash paid to and on behalf of employees	(432,322,410)	(379,834,895)	(401,460,600)	(329,122,820)
Payment of all types of taxes	(1,299,564,630)	(1,033,985,878)	(1,282,201,359)	(1,014,069,353)
Cash paid relating to other operating activities	(469,520,643)	(335,338,047)	(460,860,469)	(326,146,035)
Sub-total of cash outflows	(22,055,205,681)	(14,618,064,117)	(21,853,518,964)	(14,478,831,995)
Net cash flows from operating activities	4,006,209,665	1,859,946,367	3,963,609,137	1,789,545,963
2. Cash flows from investing activities				
Cash received from sale of investments	—	—	—	—
Cash received from return of investments	—	1,860,000	—	21,600,295
Net cash received from disposal of fixed assets	13,335,348	7,141,127	13,285,031	7,141,127
Cash received relating to other investing activities	—	—	—	—
Sub-total of cash inflows	13,335,348	9,001,127	13,285,031	28,741,422
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(681,471,929)	(799,267,492)	(677,634,391)	(784,457,262)
Cash paid to acquire investments	(54,000,000)	(73,086,014)	(54,000,000)	(73,086,014)
Cash paid relating to other investing activities	—	—	—	—
Sub-total of cash outflows	(735,471,929)	(872,353,506)	(731,634,391)	(857,543,276)
Net cash flows from investing activities	(722,136,581)	(863,352,379)	(718,349,360)	(828,801,854)

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For the year ended December 31, 2003

(In RMB Yuan)

Items	2003 Group	2002 Group	2003 Company	2002 Company
3. Cash flows from financing activities				
Proceeds from issuing shares	100,000	—	—	—
<i>Including: Cash received from minority shareholders</i>	100,000	—	—	—
Proceeds from borrowings	5,440,491,995	4,867,374,651	5,351,291,995	4,783,774,651
Cash received relating to other financing activities	—	—	—	—
Sub-total of cash inflows	5,440,591,995	4,867,374,651	5,351,291,995	4,783,774,651
Repayment of borrowings	(8,294,083,962)	(5,335,404,588)	(8,170,883,962)	(5,216,804,588)
Cash paid for interest expense and distribution of dividends	(427,886,939)	(532,676,412)	(424,568,038)	(523,300,225)
<i>Including: Dividends paid to minority shareholders</i>	—	(1,732,787)	—	—
Cash paid relating to other financing activities	—	—	—	—
<i>Including: Cash paid to minority shareholders due to reduction of capital of subsidiaries</i>	—	—	—	—
Sub-total of cash outflows	(8,721,970,901)	(5,868,081,000)	(8,595,452,000)	(5,740,104,813)
Net cash flows from financing activities	(3,281,378,906)	(1,000,706,349)	(3,244,160,005)	(956,330,162)
4. Effect of foreign exchange rate changes on cash	—	—	—	—
5. Net increase/(decrease) in cash and cash equivalents	2,694,178	(4,112,361)	1,099,772	4,413,947

The accompanying notes form an integral part of these financial statements.

Legal representative:
Yu Li

General manager:
Shi Jian Xun

Person in charge of
accounting function:
Zhang Li Yan

Person in charge of
accounting department:
Liao Hong Wei

Cash Flow Statements

For the year ended December 31, 2003

(In RMB Yuan)

Supplementary Information

Items	2003 Group	2002 Group	2003 Company	2002 Company
1. Reconciliation of net profit/(loss) to cash flows from operating activities				
Net profit/(loss)	423,995,152	(1,025,732,561)	423,615,997	(1,026,117,674)
Add: Minority interests	(1,755,470)	(5,655,464)	-	-
Provision for impairment of assets	113,568,960	384,028,412	113,568,960	370,045,668
Depreciation of fixed assets	863,572,274	753,954,097	840,730,347	733,162,986
Amortization of intangible assets	114,018,037	93,201,856	113,918,558	93,117,567
Amortization of long-term deferred expenses	58,029,674	116,302,776	58,029,674	116,302,776
Decrease in prepaid expenses	4,996,946	2,208,228	4,746,596	2,579,682
Increase in accrued expenses	-	-	-	-
Gain on disposal of fixed assets	(13,335,348)	(7,141,127)	(13,285,031)	(7,141,127)
Loss on scrapping of fixed assets	39,714,147	286,682,529	39,648,698	286,137,818
Interest expenses	429,782,134	474,370,460	426,463,233	466,727,060
Investment loss	4,337,039	8,308,243	12,691,049	34,234,815
Deferred tax debit	-	-	-	-
Increase in inventories	(186,720,730)	(65,852,850)	(151,637,600)	(67,978,303)
Decrease in operating receivables	223,216,189	341,719,032	175,793,288	284,686,963
Increase in operating payables	1,932,790,661	503,552,736	1,919,325,368	503,787,732
Net cash flows from operating activities	4,006,209,665	1,859,946,367	3,963,609,137	1,789,545,963
2. Investing and financing activities that do not involve cash receipts and payments				
Purchase of fixed assets (Note VII-f)	159,500,000	-	159,500,000	-
Convertible bonds maturing within one year	-	-	-	-
Finance lease of fixed assets	-	-	-	-
3. Net increase/(decrease) in cash and cash equivalents				
Cash at the end of the year	35,498,819	32,804,641	30,675,068	29,575,296
Less: Cash at the beginning of the year	(32,804,641)	(36,917,002)	(29,575,296)	(25,161,349)
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	2,694,178	(4,112,361)	1,099,772	4,413,947

The accompanying notes form an integral part of these financial statements.

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Yu Li

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