

CASH FLOW STATEMENT

2004.1 ~ 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	2,689,174,564.33	2,772,478,395.41
Refund of taxes and levy	—	712,000.00
Other cash received relating to operating activities	43,109,819.01	68,372,656.49
Sub -total of cash inflows	2,732,284,383.34	2,841,563,051.90
Cash paid for goods and services	809,497,862.23	932,964,795.34
Cash paid to and on behalf of employees	329,568,622.57	334,033,280.08
Tax paid	211,567,024.31	217,529,661.18
Other cash paid relating to operating activities	77,317,584.75	79,586,767.09
Sub -total of cash outflows	1,427,951,093.86	1,564,114,503.69
Net Cash flows from operating activities	1,304,333,289.48	1,277,448,548.21
2. Cash Flows from Investing Activities		
Cash received from disposal of investments	—	—
Cash received from investment income	4,802,718.68	4,802,718.68
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	10,059,350.00	10,059,350.00
Other cash received relating to investing activities	—	—
Sub -total of cash inflows	14,862,068.68	14,862,068.68
Cash paid to acquire fixed assets, intangible assets and other long-term assets	1,205,683,551.90	1,259,471,551.36
Cash paid to acquire equity investment	15,000,000.00	15,000,000.00
Cash paid to acquire debt investment	—	—
Other cash paid relating to investing activities	—	—
Sub-total of cash outflows	1,220,683,551.90	1,274,471,551.36
Net cash flows from investing activities	-1,205,821,483.22	-1,259,609,482.68
3. Cash Flows from Financing Activities		
Proceeds from issuing shares	—	—
Proceeds from borrowings	468,970,000.00	518,970,000.00
Other proceeds relating to financing activities	—	—
Sub -total of cash inflows	468,970,000.00	518,970,000.00
Cash out for the payment of loans	235,140,165.26	238,140,165.26
Cash payments of expenses on any financing activities	—	—
Cash payments for distribution of dividends or profits	551,638,088.40	551,764,517.40
Other cash payments relating to financing activities	—	—
Sub -total of cash outflows	786,778,253.66	789,904,682.66
Net cash flows from financing activities	-317,808,253.66	-270,934,682.66

CASH FLOW STATEMENT *(continued)*

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Unit:RMB

ITEM	HOLDINGCOMPANY	GROUP
4.Effect of Foreign Exchange Rate Changes on Cash	-729,405.03	-1,386,900.99
5.Net Increase in Cash and Cash Equivalents	-220,025,852.43	-254,482,518.12
Supplemental Information		
1.Reconciliation of Net profit to Cash Flows from		
Operating Activities		
Net profit	896,804,662.90	895,727,501.34
Add:minority interest	-	553,917.85
	-	-
Add:provision for assets	-	8,826,191.26
Depreciation of fixed assets	8,043,824.93	366,881,934.68
Amortization of intangible assets	322,987,662.57	213,036.18
Amortization of long-term deferred expense	213,036.18	1,333,080.00
Amortization of deferred expense	1,333,080.00	-652,412.92
Increase in accruals		38,098,629.88
Losses on disposal of fixed assets, intangible assets and other long-term assets (or deduct:gains)	120,016.50 37,048,363.16	18,360,296.79
Losses on scrapping of fixed assets	18,360,296.79	30,594.76
Financial expenses	30,594.76	47,044,388.35
Losses arising from investments(or deduct gains)	46,917,959.35	-12,478,864.04
Deferred of tax credit(or:deduct:debit)	-60,818,046.76	-
Decrease in inventories (or deduct: increase)	-	-13,296,943.40
Decrease in operating receivables (or deduct: increase)	-8,233,082.78	-203,618,306.50
Increase in operating payables(or deduct: decrease)	-78,156,880.07	130,425,503.98
Others	119,681,801.95	-
Net Cash flows from operating activities	-1,304,333,289.48	1,277,448,548.21
2.Net Increase in Cash and Cash Equivalents		
Cash at the end of the period	394,064,485.76	883,967,038.74
Less: Cash at the beginning of the period	614,090,338.19	1,138,449,556.86
Plus: Cash equivalents at the end of period		
Less: Cash equivalents at the beginning of period		
Net Increase in Cash and Cash Equivalents	-220,025,852.43	-254,482,518.12