

Cash Flow Statement

(Prepared in accordance with PRC Accounting Standards)

For the year ended 31st December, 2004

(All amounts are stated in RMB Yuan unless otherwise stated)

Items	Note	Consolidated	The Company
1. Cash flows from operating activities			
Cash received from sale of goods and services		34,870,826,097	28,558,926,194
Other cash received relating to operating activities		385,236,556	876,317,519
Sub-total of cash inflows		35,256,062,653	29,435,243,713
Cash paid for goods and services		(17,860,669,954)	(14,501,103,644)
Cash paid to and on behalf of employees		(1,351,121,551)	(1,194,782,766)
Payment of all types of taxes		(4,733,270,284)	(4,153,288,582)
Other cash paid relating to operating activities	5(24)	(2,239,444,647)	(1,550,961,569)
Sub-total of cash outflows		(26,184,506,436)	(21,400,136,561)
Net cash flows from operating activities		9,071,556,217	8,035,107,152
2. Cash flows from investing activities			
Cash received on disposals of investments		62,232,507	527,682,504
Cash received on investment income		173,089,630	517,987,896
Net cash received from disposals of fixed assets		27,769,019	23,701,818
Other cash received relating to investing activities		113,958,523	35,311,400
Sub-total of cash inflows		377,049,679	1,104,683,618
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(10,035,643,409)	(3,246,634,587)
Cash paid other than to acquire branches and investments of equity interest in subsidiaries		(1,398,849,335)	(1,375,740,585)
Capital injection to subsidiaries		—	(1,224,342,252)
Cash paid to acquire branches and equity interest in subsidiaries	5(23)	(2,540,359,721)	(3,036,373,035)
Other cash paid relating to investing activities		(5,961,417)	(5,961,417)
Sub-total of cash outflows		(13,980,813,882)	(8,889,051,876)
Net cash flows used in investing activities		(13,603,764,203)	(7,784,368,258)
3. Cash flows from financing activities			
Cash received from investments		677,034,400	—
Including: cash received from minority shareholders equity investment in subsidiaries		677,034,400	—
Cash received from borrowings		14,468,000,003	6,076,000,001
Other cash received relating to financing activities		16,470,000	3,470,000
Sub-total of cash inflows		15,161,504,403	6,079,470,001
Cash paid on repayment of borrowings		(8,317,872,080)	(4,873,723,629)
Cash payments of interest expenses, dividends and appropriation of profit		(4,149,321,575)	(3,544,650,675)
Including: Dividends paid to minority shareholders of subsidiaries		(167,124,256)	—
Sub-total of cash outflows		(12,467,193,655)	(8,418,374,304)
Net cash flows used in financing activities		2,694,310,748	(2,338,904,303)
4. Effect of foreign exchange rate changes on cash		4,780,196	7,421,208
5. Net decrease in cash	5(1)	(1,833,117,042)	(2,080,744,201)

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Supplementary Information	Consolidated	The Company
1. Reconciliation of net profit to cash flows from operating activities		
Net profit	5,389,057,047	5,389,057,047
Add: Minority interests	306,326,898	—
Reversal for asset impairment	(24,342,341)	(13,666,672)
Depreciation of fixed assets	4,548,118,653	3,839,984,463
Amortization of intangible assets	(221,773,189)	(224,435,960)
Amortization of long-term deferred expenses	15,171,763	2,292,626
Decrease in deferred expenses	9,343,999	2,439,555
(Decrease)/Increase in accrued expenses	(99,367,270)	26,274,117
Gain on disposal of fixed assets	(29,174,971)	(29,066,407)
Financial expenses	776,007,599	480,488,677
Gain arising from investments	(195,959,152)	(754,656,514)
Increase in inventories	(394,398,975)	(128,262,203)
Increase in operating receivables items	(958,992,169)	(648,905,051)
Increase/(Decrease) in operating payables items	(46,516,011)	89,532,772
Others	(1,945,664)	4,030,702
Net cash flows from operating activities	9,071,556,217	8,035,107,152
2. Investing and financing activities that do not involve cash receipts or payments		
Conversion of debt into capital	—	—
Reclassification of current portion of convertible notes to current liabilities	—	—
Fixed assets capitalized under finance leases	—	—
3. Net increase in cash		
Cash at end of year	2,295,530,972	1,211,178,016
Less: cash at beginning of year	(4,128,648,014)	(3,291,922,217)
Cash equivalents at end of year	—	—
Less: cash equivalents at beginning of year	—	—
Net increase in cash	(1,833,117,042)	(2,080,744,201)

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

Legal representative:
Li Xiaopeng

*Person in charge of
 accounting function:*
Huang Jian

*Person in charge of
 accounting department:*
Zhou Hui