

Consolidated Cash Flow Statement

(Prepared under PRC accounting standards)

Year ended 31 December 2004

	Note V	2004 RMB	2003 RMB
1. Cash flows from operating activities:			
Cash received from sale of goods or rendering of services		33,873,192,804	19,344,064,687
Refunds of taxes		12,801,589	14,958,514
Cash received relating to other operating activities		7,317,252	12,245,668
Sub-total of cash inflows		33,893,311,645	19,371,268,869
Cash paid for goods and services		(22,697,057,168)	(12,216,842,152)
Cash paid to and on behalf of employees		(2,015,699,841)	(1,811,311,109)
Cash paid for all taxes		(2,192,122,883)	(1,411,526,206)
Cash paid relating to other operating activities	45	(886,155,039)	(362,902,031)
Sub-total of cash outflows		(27,791,034,931)	(15,802,581,498)
Net cash flows from operating activities		6,102,276,714	3,568,687,371
2. Cash flows from investing activities:			
Cash received from disposal of investments		2,660,000	5,420,000
Cash received from returns on investments		25,340,561	15,528,014
Net cash received from disposal of fixed assets, intangible assets and other long term assets		32,521,281	15,560,995
Cash received from retrieval of pledged deposits and overdue deposits		44,493,283	27,827,136
Sub-total of cash inflows		105,015,125	64,336,145
Cash paid for acquisitions of fixed assets, intangible assets and other long term assets		(4,380,466,097)	(5,623,975,201)
Cash paid for acquisitions of investments		(4,400,000)	(156,976,000)
Cash paid for acquisition of a subsidiary	46	(11,511,295)	–
Cash paid relating to other investing activities		–	(2,039,146)
Sub-total of cash outflows		(4,396,377,392)	(5,782,990,347)
Net cash flows from investing activities		(4,291,362,267)	(5,718,654,202)

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

Consolidated Cash Flow Statement (continued)

(Prepared under PRC accounting standards)

Year ended 31 December 2004

	Note V	2004 RMB	2003 RMB
3. Cash flows from financing activities:			
Cash received from investments by others		20,479,162	32,755,594
Cash received from borrowings		1,779,467,779	5,332,417,905
Cash received relating to other financing activities	47	–	55,980,000
Sub-total of cash inflows		1,799,946,941	5,421,153,499
Cash repayments of borrowings		(2,165,880,184)	(1,536,331,591)
Cash paid for distribution of dividend or profits and for interest expenses		(1,615,599,272)	(315,195,264)
Cash paid relating to other financing activities		(35,391,603)	(72,551,470)
Sub-total of cash outflows		(3,816,871,059)	(1,924,078,325)
Net cash flows from financing activities		(2,016,924,118)	3,497,075,174
4. Effect of foreign exchange rate changes on cash		7,256,443	23,994,213
5. Net increase/(decrease) in cash and cash equivalents		(198,753,228)	1,371,102,556

The accompanying note form an integral part of the financial statements.

Consolidated Cash Flow Statement (continued)

(Prepared under PRC accounting standards)

Year ended 31 December 2004

	2004 RMB	2003 RMB
Supplementary information		
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	3,575,806,813	2,792,971,074
Add: Minority interests	12,571,745	1,173,345
Provision/(reversal of provision) for bad debts	(18,194,096)	9,570,000
Provision for inventories	10,401,537	6,601,509
Reversal of impairment provision for investments	–	(2,263,731)
Reversal of impairment provision for fixed assets	(15,411,808)	(63,554,141)
Depreciation of fixed assets	1,789,442,561	1,046,450,168
Amortisation of intangible assets	21,047,433	20,756,836
Decrease in accrued charges	(24,818,550)	(79,341,778)
Loss on disposal of fixed assets, intangible assets and other long term assets, net	11,078,414	47,260,768
Financial expenses	398,232,149	142,291,605
Investment loss/(income)	(147,188)	10,629,765
Increase in inventories	(2,384,790,928)	(743,169,495)
Decrease/(increase) in receivables from operating activities	256,007,172	(2,036,009,519)
Increase in payables from operating activities	2,471,051,460	2,415,320,965
Net cash flows from operating activities	6,102,276,714	3,568,687,371
2. Investing and financing activities that do not involve cash receipts and payments:		
	–	–
3. Net increase/(decrease) in cash and cash equivalents:		
Cash and balances with financial institutions at end of year	2,172,875,741	2,371,628,969
Less: Cash and balances with financial institutions at beginning of year	(2,371,628,969)	(1,000,526,413)
Add: Balance of cash equivalents at end of year	–	–
Less: Balance of cash equivalents at beginning of year	–	–
Net increase/(decrease) in cash and cash equivalents	(198,753,228)	1,371,102,556

Company Representative:

Gu Jianguo

25 April 2005

Chief Accountant:

Su Jianguo

25 April 2005

Head of Accounting Department:

Guan Yagang

25 April 2005