

CASH FLOW STATEMENT

2005.1 ~ 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	3,758,789,033.24	4,164,139,504.39
Refund of taxes and levy	—	3,017,800.00
Other cash received relating to operating activities	62,709,417.81	94,254,410.66
Sub -total of cash inflows	3,821,498,451.05	4,261,411,715.05
Cash paid for goods and services	1,253,930,176.13	1,566,552,035.05
Cash paid to and on behalf of employees	370,894,651.64	378,877,816.35
Tax paid	344,277,532.83	356,254,030.65
Other cash paid relating to operating activities	60,846,987.29	67,574,515.81
Sub -total of cash outflows	2,029,949,347.89	2,369,258,397.86
Net Cash flows from operating activities	1,791,549,103.16	1,892,153,317.19
2.Cash Flows from Investing Activities		
Cash received from disposal of investments	—	—
Cash received from investment income	7,263,250.10	1,763,250.10
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	95,395,204.75	95,456,039.63
Other cash received relating to investing activities	—	—
Sub -total of cash inflows	102,658,454.85	97,219,289.73
Cash paid to acquire fixed assets, intangible assets and other long-term assets	1,697,597,319.60	1,828,293,873.45
Cash paid to acquire equity investment	—	—
Cash paid to acquire debt investment	—	—
Other cash paid relating to investing activities	—	—
Sub-total of cash outflows	1,697,597,319.60	1,828,293,873.45
Net cash flows from investing activities	-1,594,938,864.75	-1,731,074,583.72
3.Cash Flows from Financing Activities		
Proceeds from issuing shares	—	—
Proceeds from borrowings	880,250,000.00	940,250,000.00
Other proceeds relating to financing activities	2,483,801.28	2,483,801.28
Sub -total of cash inflows	882,733,801.28	942,733,801.28
Cash out for the payment of loans	699,538,662.76	764,038,662.76
Cash payments of expenses on any financing activities	—	—
Cash payments for distribution of dividends or profits	566,428,315.28	569,024,446.53
Other cash payments relating to financing activities	—	—
Sub -total of cash outflows	1,265,966,978.04	1,333,063,109.29
Net cash flows from financing activities	-383,233,176.76	-390,329,308.01

CASH FLOW STATEMENT *(continued)*

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Unit:RMB

ITEM	HOLDINGCOMPANY	GROUP
4.Effect of Foreign Exchange Rate Changes on Cash	-978,437.00	1,478,422.87
5.Net Increase in Cash and Cash Equivalents	-187,601,375.35	-227,772,151.67
 Supplemental Information		
1.Reconciliation of Net profit to Cash Flows from		
Operating Activities		
Net profit	1,603,148,041.11	1,607,556,623.85
Add:minority interest	-	1,569,671.80
	-	-
	-	-
Add:provision for assets	5,242,091.93	5,504,807.85
Depreciation of fixed assets	377,617,432.66	438,165,104.22
Amortization of intangible assets	226,012.20	226,012.20
Amortization of long-term deferred expense	1,333,080.00	1,333,080.00
Amortization of deferred expense	241,585.36	155,277.72
Increase in accruals	14,989,901.40	14,807,401.28
Losses on disposal of fixed assets, intangible assets and other long-term assets (or deduct:gains)	-80,500,243.91	-80,499,576.55
Losses on scrapping of fixed assets	-	-
Financial expenses	51,519,933.86	53,584,900.95
Losses arising from investments(or deduct gains)	-149,933,069.30	-1,820,732.60
Deferred of tax credit(or:deduct:debit)	-	-
Decrease in inventories (or deduct: increase)	-70,909,701.00	-74,196,185.89
Decrease in operating receivables (or deduct: increase)	-65,627,286.59	-221,040,035.61
Increase in operating payables(or deduct: decrease)	104,201,325.44	146,806,967.97
Others	-	-
Net Cash flows from operating activities	1,791,549,103.16	1,892,153,317.19
 2.Net Increase in Cash and Cash Equivalents		
Cash at the end of the period	482,093,420.79	1,060,048,314.91
Less: Cash at the beginning of the period	669,694,796.14	1,287,820,466.58
Plus: Cash equivalents at the end of period		
Less: Cash equivalents at the beginning of period		
Net Increase in Cash and Cash Equivalents	-187,601,375.35	-227,772,151.67