

CASH FLOW STATEMENT (under PRC GAAP)

For the year ended December 31, 2005

NOTES	The Group		The Company	
	2005 RMB	2004 RMB	2005 RMB	2004 RMB
1. CASH FLOW FROM OPERATING ACTIVITIES:				
Cash received from sales of goods or rendering of services	13,476,932,655	13,811,316,864	13,475,817,162	13,810,353,368
Refunds of taxes	–	275,624,031	–	275,624,031
Other cash received relating to operating activities	46 588,838,380	192,623,914	186,985,815	195,917,541
Sub-total of cash inflows	14,065,771,035	14,279,564,809	13,662,802,977	14,281,894,940
Cash paid for goods and services	3,903,830,672	3,631,919,750	3,921,446,617	3,646,457,066
Cash paid to and on behalf of employees	1,785,519,649	1,702,043,503	1,765,543,379	1,700,453,371
Taxes payment	2,537,018,590	2,030,649,428	2,536,222,962	2,029,066,507
Other cash paid relating to operating activities	47 1,846,492,022	2,488,706,281	2,205,656,139	2,496,598,428
Sub-total of cash outflows	10,072,860,933	9,853,318,962	10,428,869,097	9,872,575,372
NET CASH FLOW FROM OPERATING ACTIVITIES	3,992,910,102	4,426,245,847	3,233,933,880	4,409,319,568
2. CASH FLOW FROM INVESTING ACTIVITIES:				
Cash received from the returns of investments	210,000,000	600,000,000	210,000,000	600,000,000
Cash received from return on investment	10,208,536	26,291,107	10,819,392	26,291,107
Net cash received from disposal of fixed assets intangible assets and other long-term assets	4,378,342	17,008,924	4,214,255	16,967,165
Cash received from acquisition of Heze Power	48 170,247,828	–	–	–
Decrease in restricted cash	303,647	–	–	–
Sub-total of cash inflows	395,138,353	643,300,031	225,033,647	643,258,272
Cash paid to acquire fixed assets, intangible assets and other long-term assets	1,353,764,616	783,022,445	959,394,956	779,522,963
Cash paid for investments	–	2,090,585,001	172,207,700	2,350,282,380
Including: Net cash paid for acquisition of Heze	48 –	574,000,000	10,007,700	574,000,000
Cash paid for acquisition of Southland Assets	–	136,301,992	–	–
Increase in restricted cash	–	36,854,436	–	–
Sub-total of cash outflows	1,353,764,616	2,910,461,882	1,131,602,656	3,129,805,343
NET CASH FLOW USED IN INVESTING ACTIVITIES	(958,626,263)	(2,267,161,851)	(906,569,009)	(2,486,547,071)
3. CASH FLOW FROM FINANCING ACTIVITIES:				
Cash received from issue of share capital	–	1,756,875,383	–	1,756,875,383
Sub-total of cash inflows	–	1,756,875,383	–	1,756,875,383

CASH FLOW STATEMENT (under PRC GAAP) (Cont'd)

For the year ended December 31, 2005

NOTES	The Group		The Company	
	2005 RMB	2004 RMB	2005 RMB	2004 RMB
Repayments of borrowings	200,000,000	200,000,000	200,000,000	200,000,000
Cash paid for acquisition of Jining III	13,247,800	13,247,800	13,247,800	13,247,800
Dividends paid, profit distributed or interest paid	820,228,727	502,390,608	819,992,000	502,072,000
Include: dividends paid to minority shareholder of a subsidiary	236,727	318,608	-	-
Sub-total of cash outflows	1,033,476,527	715,638,408	1,033,239,800	715,319,800
NET CASH FLOW FROM (USED IN) FINANCING ACTIVITIES	(1,033,476,527)	1,041,236,975	(1,033,239,800)	1,041,555,583
4. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	-	-	-	-
5. NET INCREASE IN CASH AND CASH EQUIVALENTS	2,000,807,312	3,200,320,971	1,294,125,071	2,964,328,080
SUPPLEMENTAL INFORMATION:				
1. RECONCILIATION OF NET PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES:				
Net profit	2,495,481,451	2,707,784,846	2,495,481,451	2,707,784,846
Add: Minority interest	475,997	252,676	-	-
Impairment losses on assets	-	49,104,445	-	49,104,445
Depreciation of fixed assets	959,241,081	979,265,775	950,274,520	977,965,985
Provision for Wei Jian Fei	207,931,404	234,878,898	207,931,404	234,878,898
Provision for Work Safty Expense	277,241,872	204,668,160	277,241,872	204,668,160
Provision for Reform and Specific Development Fund	173,276,170	96,668,980	173,276,170	96,668,980
Amortization of intangible assets	33,684,933	33,697,987	33,684,933	33,697,987
Decrease (Increase) in deferred expenses	(5,800,132)	38,001,760	(6,482,898)	38,783,285
Decrease (Increase) in long-term deferred assets	(121,801,480)	-	-	-
Losses (Gains) on disposal of fixed assets, Intangible assets and other long-term assets	526,605	104,597,336	526,605	104,585,195
Financial expenses	20,752,000	31,392,000	20,752,000	31,392,000
Gain (Loss) arising from investments	(9,092,385)	(25,174,956)	20,638,842	(25,556,243)
Decrease (Increase) in inventories	14,927,243	16,600,171	45,893,995	22,252,239
Decrease (Increase) in receivables under operating activities	(776,801,811)	(3,029,399)	(1,064,184,260)	(9,104,537)
Increase (Decrease) in payables under operating activities	722,867,154	(42,462,832)	78,899,246	(57,801,672)
NET CASH FLOW FROM OPERATING ACTIVITIES	3,992,910,102	4,426,245,847	3,233,933,880	4,409,319,568
2. NET INCREASE IN CASH AND CASH EQUIVALENTS:				
Cash at the end of the year	7,242,421,596	5,241,614,284	6,297,641,649	5,003,516,578
Less: Cash at the beginning of the year	5,241,614,284	2,041,293,313	5,003,516,578	2,039,188,498
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,000,807,312	3,200,320,971	1,294,125,071	2,964,328,080

The accompanying notes are part of the financial statements.