

CASH FLOW STATEMENT

2006.1 ~ 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	3,305,186,190.81	4,257,524,722.20
Refund of taxes and levy	—	3,466,406.20
Other cash received relating to operating activities	221,357,790.72	50,123,850.96
Sub -total of cash inflows	3,526,543,981.53	4,311,114,979.35
Cash paid for goods and services	1,499,187,850.14	1,789,423,162.96
Cash paid to and on behalf of employees	417,612,303.99	427,094,638.29
Tax paid	308,232,641.66	323,367,658.66
Other cash paid relating to operating activities	59,140,382.97	83,691,546.11
Sub -total of cash outflows	2,284,173,178.76	2,623,577,006.02
Net Cash flows from operating activities	1,242,370,802.77	1,687,537,973.33
2.Cash Flows from Investing Activities		
Cash received from disposal of investments	1,451,053.72	1,451,053.72
Cash received from investment income	5,250,000.00	—
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	66,615,345.99	66,615,345.99
Other cash received relating to investing activities	—	—
Sub -total of cash inflows	73,316,399.71	68,066,399.71
Cash paid to acquire fixed assets, intangible assets and other long-term assets	323,081,640.43	2,390,992,627.89
Cash paid to acquire equity investment	70,000,000.00	—
Cash paid to acquire debt investment	—	—
Other cash paid relating to investing activities	—	—
Sub-total of cash outflows	393,081,640.43	2,390,992,627.89
Net cash flows from investing activities	-319,765,240.72	-2,322,926,228.18
3.Cash Flows from Financing Activities		
Proceeds from issuing shares	—	—
Proceeds from borrowings	300,000,000.00	1,466,668,614.40
Other proceeds relating to financing activities	—	—
Sub -total of cash inflows	300,000,000.00	1,466,668,614.40
Cash out for the payment of loans	495,096,008.00	510,096,008.00
Cash payments of expenses on any financing activities	—	—
Cash payments for distribution of dividends or profits	1,036,442,681.62	1,041,134,891.63
Other cash payments relating to financing activities	—	7,272,122.50
Sub -total of cash outflows	1,531,538,689.62	1,558,503,022.13
Net cash flows from financing activities	-1,231,538,689.62	-91,834,407.73

CASH FLOW STATEMENT *(continued)*

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Unit:RMB

ITEM	HOLDING COMPANY	GROUP
4.Effect of Foreign Exchange Rate Changes on Cash	-2,683,196.92	-5,630,227.67
5.Net Increase in Cash and Cash Equivalents	-311,616,324.49	-732,852,890.24
Supplemental Information		
1.Reconciliation of Net profit to Cash Flows from		
Operating Activities		
Net profit	1,288,809,519.36	1,298,616,631.83
Add:minority interest	—	1,596,476.77
Less: unrecognized investment loss	—	—
Add: net profit from merged entity	—	—
Add:provision for assets	3,529,857.14	4,377,819.05
Depreciation of fixed assets	416,835,262.68	498,653,744.17
Amortization of intangible assets	527,857.40	527,857.40
Amortization of long-term deferred expense	—	—
Amortization of deferred expense	—	-22,268.98
Increase in accruals	25,935,031.35	41,948,878.78
Losses on disposal of fixed assets, intangible assets and other long-term assets (or deduct:gains)	-52,693,005.34	-52,693,005.34
Losses on scrapping of fixed assets	—	—
Financial expenses	37,429,718.63	51,980,722.65
Losses arising from investments(or deduct gains)	-83,780,523.23	-1,508,536.22
Deferred of tax credit(or:deduct:debit)	—	—
Decrease in inventories (or deduct: increase)	-38,348,362.53	-39,421,939.69
Decrease in operating receivables (or deduct: increase)	-691,630,569.10	-255,880,983.18
Increase in operating payables(or deduct: decrease)	335,756,016.41	139,362,576.09
Others	—	—
Net Cash flows from operating activities	1,242,370,802.77	1,687,537,973.33
2. Investing and financing activities that do not involving cash receipts and payments		
Conversion of debt into capital		
Reclassify convertible bonds to be expired within one year as current liability		
Fixed assets financed by finance leases		
3. Net Increase in Cash and Cash Equivalents		
Cash at the end of the period	291,093,862.89	445,073,850.71
Less: Cash at the beginning of the period	602,710,187.38	1,177,926,740.95
Plus: Cash equivalents at the end of period		
Less: Cash equivalents at the beginning of period		
Net Increase in Cash and Cash Equivalents	-311,616,324.49	-732,852,890.24