

Cash flow Statement

December 2000

Unit: RMB

| Item of cash flow | Note | Parent company | Consolidated |
|--|------|------------------|------------------|
| 1. Cash flow from operating activities | | | |
| Cash received from sales of goods or rendering of services | | 1,594,495,085.26 | 2,451,231,914.66 |
| Rental received | | 7,730,641.60 | 7,730,641.60 |
| Value-added tax received | | 4,819,481.58 | 15,418,674.91 |
| Refund of tax paid | | 133,508,224.13 | 139,026,156.94 |
| Other cash received relating to operating activities | | 117,262,855.03 | 128,560,038.79 |
| Sub-total of cash inflows | | 1,857,816,287.60 | 2,741,967,426.90 |
| Cash paid for goods | | 1,327,449,880.73 | 1,902,324,053.48 |
| Cash paid for services | | 209,336,013.85 | 246,779,750.43 |
| Cash paid for operating leases | | 864,124.89 | 14,831,561.86 |
| Cash paid to and on behalf of employees | | 146,067,634.79 | 180,403,801.00 |
| Value-added tax on purchases paid | | 21,275,580.72 | 44,943,471.34 |
| Income tax paid | | 10,750,724.59 | 11,129,685.67 |
| Cash paid other than VAT and income tax | | 9,638,523.74 | 14,062,746.82 |
| Value-added tax paid in fact | | 116,011,132.71 | 138,092,271.62 |
| Other cash paid relating to operating activities | | 128,292,311.11 | 165,485,716.04 |
| Sub-total of cash outflows | | 1,969,685,927.53 | 2,718,053,058.26 |
| Net cash flow from operating activities | | -111,869,639.53 | 23,914,368.64 |
| 2. Cash flow from investing activities: | | | |
| Cash received from return of investments | | 3,980,935.36 | 3,980,935.36 |
| Cash received from distribution of dividends or profits | | 1,711,050.87 | 1,711,050.87 |
| Cash received from bond interest income received | | | |
| Cash received from disposal of fixed assets, intangible assets | | 73,699.03 | 73,699.03 |
| Other cash received relating to investing activities | | 180.00 | 232,609.65 |
| Subtotal of cash inflows | | 5,765,865.26 | 5,998,294.91 |
| Cash paid to acquire fixed assets, intangible assets | | 46,660,357.29 | 50,267,791.17 |
| Cash paid to acquire equity investments | | 3,568,719.40 | 3,768,719.40 |
| Cash paid to acquire debt investments | | | |
| Other cash paid relating to investing activities | | 404,022.94 | 1,304,022.94 |
| Sub-total of cash outflows | | 50,633,099.63 | 55,340,533.51 |
| Net cash flow from investment activities | | -44,867,234.37 | -49,342,238.60 |
| 3. Cash flows from financing activities | | | |
| Proceeds from issuing shares | | | |
| Proceeds from issuing bonds | | | |
| Proceeds from borrowings | | 1,507,000,000.00 | 1,167,561,213.68 |
| Other proceeds relating to financing activities | | 98,126,874.55 | 109,781,354.54 |
| Sub-total of cash inflows | | 1,155,126,874.55 | 1,277,342,568.22 |

Consolidated Cash Flow Statement

| | | | |
|---|--|------------------|------------------|
| Cash repayment of amounts borrowed | | 1,239,759,300.00 | 1,391,993,316.63 |
| Cash payments of expenses on financing activities | | | |
| Cash payments for distribution of dividends or profits | | -5,835.38 | 4,896,602.05 |
| Cash payments of interest expenses | | 52,705,115.25 | 54,667,167.97 |
| Cash payments for finance leases | | | |
| Cash payments for reduction of registered capital | | | |
| Other cash payments relating to financing activities | | 2,526,614.62 | 104,686,328.67 |
| Sub-total of cash outflows | | 1,294,985,194.49 | 1,556,243,415.32 |
| Net cash flows from financing activities | | -139,858,319.94 | -278,900,847.10 |
| 4. Effect of foreign exchange rate changes on cash and bank balances | | -890,845.55 | -1,057,771.05 |
| 5. Net increase in cash and cash equivalents | | -297,486,039.39 | -305,386,488.11 |
| Note: | | | |
| 1. Investing and financing activities not involving cash flows | | | |
| Repayments of debts in the form of fixed assets | | | |
| Repayment of debts in the form of investments | | | |
| Repayments of debts in the form of inventories | | | |
| Financing or leasing fixed assets | | | |
| 2. Reconciliation of net profit to cash flows from operating activities | | | |
| Net profit | | -725,869,601.67 | -725,869,601.67 |
| Minority interests | | | 2,477,122.53 |
| Appropriation to staff welfare expenses | | | 231,299.56 |
| Add: Provision for bad debt or its written off | | 352,884,110.09 | 353,406,278.59 |
| Depreciation of fixed assets | | 48,684,703.64 | 69,388,918.77 |
| Amortization of intangible assets | | 2,199,624.79 | 4,306,591.24 |
| Amortization of deferred expenses | | 2,882,288.93 | 3,227,436.78 |
| Losses on disposal of fixed assets, intangible assets and other long-term assets (deduct: income) | | | |
| Losses on write off of fixed assets | | 1,214,925.89 | 1,754,311.34 |
| Financial expenses | | 38,495,261.42 | 48,193,987.55 |
| Losses from investments (deduct: income) | | 32,970,424.49 | -1,133,303.87 |
| Deferred tax credit (deduct: assets) | | | |
| Decrease in inventories (deduct: increase) | | 198,031,697.36 | 155,026,851.82 |
| Decrease in operating receivables (deduct: increase) | | 83,767,405.69 | 218,883,405.13 |
| Increase in operating payables (deduct: decrease) | | -37,028,642.51 | -93,819,722.38 |
| Net increase of value-added tax (deduct: decrease) | | -23,447,122.01 | -33,607,653.51 |
| Others | | -86,654,715.64 | 21,448,446.76 |
| Net cash flows from operating activities | | -111,869,639.53 | 23,914,368.64 |
| 3. Net increase in cash and cash equivalents | | | |

| | | | |
|---|--|-----------------|-----------------|
| Cash and bank balances at the end of the period | | 135,068,988.12 | 173,658,559.64 |
| Less: cash and bank at the beginning of the period | | 432,555,027.51 | 479,045,047.75 |
| Cash equivalents at the end of the period | | | |
| Less: cash equivalents at the beginning of the period | | | |
| Net increase in cash and cash equivalents | | -297,486,039.39 | -305,386,488.11 |

CONSOLIDATED CASH FLOW STATEMENT

(PREPARED UNDER HONG KONG GENERALLY ACCEPTED ACCOUNTING PRINCIPLES)

FOR THE YEAR ENDED 31ST DECEMBER 2000

| | Note | 2000 RMB'000 | 1999 RMB'000 |
|---|-------|-----------------|-----------------|
| Operating activities | | | |
| Cash received from customers | | 2,451,232 | 2,419,383 |
| Cash payments to suppliers | | (2,149,104) | (2,137,779) |
| Cash paid to and on behalf of employees | | (180,404) | (203,203) |
| Other cash payments | | (70,091) | (63,126) |
| Net cash inflow from operating activities | 24(a) | 51,633 | 15,275 |
| Returns on investments and servicing of Finance | | | |
| Interests received | | 13,192 | 7,061 |
| Dividends received from associated companies | | 247 | 220 |
| Dividends received from other investments | | 239 | 1,327 |
| Dividends paid | | -- | (9,885) |
| Dividends paid to minority interests | | (3,046) | (357) |
| Interests paid | | (60,736) | (69,330) |
| Net cash outflow from returns on Investments and servicing of finance | | (50,104) | (70,964) |
| Taxation | | | |
| PRC enterprise income tax paid | | (13,880) | (3,048) |
| Investing activities | | | |
| Purchase of fixed assets and construction-in-progress | | (62,656) | (46,351) |
| Purchase of a subsidiary | | - | (480) |
| Purchase of an associated company | | (3,380) | |

Consolidated Cash Flow Statement

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|--|----------|-----------|
| Purchase of other investments | (930) | - |
| Sale of other investments | - | 2,972 |
| Sale of fixed assets | 355 | 593 |
| Net cash outflow from investing activities | (66,611) | (43,266) |
| Net cash outflow before financing | (78,962) | (102,003) |

CONSOLIDATED CASH FLOW STATEMENT
(PREPARED UNDER HONG KONG GENERALLY ACCEPTED ACCOUNTING
PRINCIPLES)
FOR THE YEAR ENDED 31ST DECEMBER 2000

| | Note | 2000 RMB'000 | 1999 RMB'000 |
|--|-------|-----------------|-----------------|
| Financing | 24(b) | 2,328,718 | 2,557,379 |
| Capital contribution from minority interests | | - | 700 |
| New loans payable | | 1,167,561 | 1,713,308 |
| Repayments of bank loans | | (1,393,992) | (1,297,732) |
| Net cash (outflow) /inflow from financing | | (226,431) | 416,276 |
| (Decrease) /increase in cash and cash equivalents | | (305,393) | 314,273 |
| Cash and cash equivalents at 1st January | | 479,045 | 164,670 |
| Effect of foreign exchange rate changes | | 7 | 102 |
| Cash and cash equivalents at 31st December | | 173,659 | 479,045 |
| Analysis of balances of cash and cash equivalents: | | | |
| Bank balances and cash | | 173,659 | 479,045 |