

Cash Flow Statement

(Prepared in accordance with the PRC Accounting Rules and Regulations)

FOR THE YEAR ENDED 31ST DECEMBER 2000

ITEM	GROUP	COMPANY
		<i>In Rmb</i>
1 Cash Flows From Operating Activities		
Cash received from sales of goods or rendering of services	2,601,617,862	1,179,470,099
Rental received		576,000
Refund of tax	2,008,988	
Other cash received relating to operating activities	15,152,878	13,205,824
Sub-total of cash inflows	2,618,779,728	1,193,251,923
Cash paid for goods and services	(1,887,319,353)	(862,718,428)
Cash paid for operating leases	(12,350,360)	
Cash paid to and on behalf of employees	(192,379,616)	(71,440,733)
Value added tax paid	(104,608,600)	(15,576,357)
Income tax paid	(7,493,151)	(5,000,000)
Taxes paid other than value added taxes	(8,935,119)	(4,339,506)
Other cash paid relating to operating activities	(156,924,460)	(260,708,421)
Sub-total of cash outflows	(2,370,010,659)	(1,219,783,445)
Net cash from operating activities	248,769,069	(26,531,522)
2 Cash Flows from Investing Activities		
Cash received from return on investments	11,089,152	11,089,152
Cash received from distribution of dividends or profits	6,543,173	9,297,681
Cash received from interest income of debentures		
Net cash received from disposal of fixed assets, intangible assets and other long term assets	744,498	744,498
Other cash received from relating to investing activities		
Sub-total of cash inflows	18,376,823	21,131,331
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(46,658,843)	(27,132,437)
Cash paid to acquire equity investments	(7,100,000)	(24,407,084)
Cash paid to acquire debt investments		
Other cash paid relating to investing activities	(41,091,000)	(41,091,000)
Sub-total of cash outflows	(94,849,843)	(92,630,521)
Net cash from investing activities	(76,473,020)	(71,499,190)
3 Cash Flows from Financing Activities		
Proceeds from issuing shares	1,234,799,996	1,234,799,996
Proceed from issuing shares to minority shareholders by subsidiaries	1,600,400	
Proceeds from issue of bonds		
Proceeds from borrowings	484,020,000	430,120,000
Other proceeds relating to financing activities		
Sub-total of cash inflows	1,720,420,396	1,664,919,996
Cash repayments of amounts borrowed	(520,303,780)	(401,700,000)
Cash payments of expenses on any financing activities		
Cash payment for distribution of dividends or profit Including : cash payments to minority shareholders for distribution of dividends or profit		
Cash payments of interest expenses	(36,191,401)	(26,747,161)
Cash payments for finance lease		
Cash payments for reduction of registered capital Including: cash payments to minority shareholders for deduction of registered capital		
Other cash payments relating to financing activities		
Sub-total of cash outflows	(556,495,181)	(428,447,161)
Net cash from financing activities	1,163,925,215	1,236,472,835
4 Effect of Foreign Exchange Rate Changes on Cash	(196,983)	(196,983)
5 Net Increase in Cash and Cash Equivalents	1,336,024,281	1,138,245,140

The accompany notes form an integral part of these financial statements

Cash Flow Statement
(Prepared in accordance with the PRC Accounting Rules and Regulations)

FOR THE YEAR ENDED 31ST DECEMBER 2000

ITEM	GROUP	<i>In Rmb</i> COMPANY
1 Investing and Financing Activities that do not involve in cash receipts and payments		
Repayments of debts by the transfer of fixed assets		
Repayments of debts by the transfer of investment		
Investments in the form of fixed assets		
Repayments of debts by the transfer of inventories		
Fixed assets under finance lease		
2 Reconciliation of Net Profit to Cash Flows from Operating Activities		
Net profit	133,932,616	133,311,260
Add: Share of net loss by minority shareholders	2,283,189	
Add: Provision for bad debt or debt written off	15,864,555	992,201
Depreciation of fixed assets	47,387,944	25,809,270
Amortization of intangible assets	1,934,749	1,374,151
Decrease in deferred and prepaid expenses (or deduct : increase)	202,314	(16,466)
Increase in accrued expenses (or deduct : decrease)	(3,392,923)	(1,802,147)
Loss on disposal of fixed assets,		
intangible assets and other long term assets (or deduct: gain)	601,174	338,181
Loss on scrapping of fixed assets	2,918,610	2,600,000
Financial expenses	16,833,921	9,180,172
Loss arising from investments	(11,169,457)	(83,558,708)
Increase in inventories	(436,587,391)	(178,637,411)
Decrease in operating receivables (or deduct: increase)	63,288,061	(73,630,047)
Increase in operating payables	414,671,707	137,508,022
Others		
Net cash flows from operating activities	<u>248,769,069</u>	<u>(26,531,522)</u>
3 Net Increase in Cash and Cash Equivalents		
Cash at the end of the period (note 38)	1,545,381,739	1,308,717,332
Less: Cash at the beginning of the period (note 38)	209,357,458	170,472,192
Plus: Cash equivalents at the beginning of the period		
Less: Cash equivalents at the beginning of the period.		
Net increase in cash and cash equivalents	<u><u>1,336,024,281</u></u>	<u><u>1,138,245,140</u></u>

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