

XI. FINANCIAL REPORT

1. Financial reports prepared in conformity with PRC accounting standards (Unaudited)

Cash Flow Statement

For the six months ended 30 June 2001

Items	For the six months ended 30 June 2001	
	Group RMB	Company RMB
I. Cash Flows from operating activities		
Cash received from sales of goods or rendering of services	505,593,595.72	498,349,291.45
Refund of tax	8,000,000.00	8,000,000.00
Other cash received relating to operating activities	5,729,710.12	5,693,618.03
Sub-total of cash inflows	519,323,305.84	512,042,909.48
Cash paid for goods and services	344,396,608.69	337,321,567.32
Cash paid to and on behalf of employees	54,387,449.37	53,924,917.10
Taxes paid	54,982,328.55	54,772,834.43
Other cash paid relating to operating activities	41,073,495.33	40,511,390.51
Sub-total of cash outflows	494,839,881.94	486,530,709.36
Net cash from operating activities	24,483,423.90	25,512,200.12
II. Cash flows from investing activities		
Cash received from return of investment	—	—
Cash received from distribution of dividends or profits	330,000.00	330,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	—	—
Other cash received relating to investing activities	—	—
Sub-total of cash inflow	330,000.00	330,000.00
Cash paid to acquire fixed assets, intangible assets and other long-term activities	24,506,622.55	24,322,486.55
Cash paid to acquire investment	—	—
Other cash paid relating to investing activities	—	—
Sub-total of cash outflow	24,506,622.55	24,322,486.55
Net Cash from investing activities	(24,176,622.55)	(23,992,486.55)



Cash Flow Statement (Continue)
For the six months ended 30 June 2001

Items	For the six months ended 30 June 2001	
	Group RMB	Company RMB
III. Cash flows from financing activities		
Proceeds from issue of bonds and shares	—	—
Proceeds from borrowings	284,100,000.00	284,100,000.00
Other proceeds relating to financing activities	10,272,018.26	10,272,018.26
Sub-total of cash inflows	294,372,018.26	294,372,018.26
Cash repayment of amounts borrowed	243,900,000.00	243,900,000.00
Cash payments of distribution of dividends or profits and interest expenses	20,776,489.86	20,776,489.96
Other cash payment relating to financing activities	286,318.45	286,318.45
Sub-total of cash outflows	264,962,808.31	264,962,808.31
Net Cash from financing activities	29,409,209.95	29,409,209.95
IV. Effect of foreign exchange rate changes on cash	—	—
V. Increases in cash and cash equivalent	29,716,011.30	30,928,923.52



Supplementary Information:

Items	For the six months ended 30 June 2001	
	Group RMB	Company RMB
Reconciliation of net profit to cash flows		
from operating activities		
Net profit	50,063,075.13	50,063,075.13
Add: Minority interests	—	—
Provision for diminution in value of assets	—	—
Depreciation of fixed assets	31,960,730.71	31,936,767.65
Amortisation of intangible assets	696,022.00	696,022.00
Deferred long term expenses	—	—
Decrease in deferred and prepaid expenses (or deduct: increase)	(404,379.08)	(404,379.08)
Increase in accrued expenses (or deduct: decrease)	(2,405,800.00)	(2,500,000.00)
Losses on disposal of fixed assets, intangible assets and other long-term assets (or deduct: gains)	—	—
Losses on scrapping of fixed assets	—	—
Financial expenses	2,415,074.67	2,423,199.56
Losses arising from investments (or deduct : gains)	(330,000.00)	(588,829.32)
Deferred tax credit (or deduct: debit)	—	—
Decrease inventories (or deduct: increase)	(12,408,107.69)	(11,952,009.38)
Decrease in operating receivables (or deduct: increase)	(19,695,220.53)	(19,695,220.53)
Increase in operating payable (or deduct: decrease)	(25,613,869.06)	(24,490,156.88)
Other	205,897.75	23,730.97
Net cash flows from operating activities	24,483,423.90	25,512,200.12
Investing and financing activities that do involve cash receipts and payments:		
Capital transferred from debts	—	—
Convertible bonds due within one year	—	—
Financial leased fixed assets	—	—
Net increase in cash equivalent:		
Cash at the end of the period	308,941,722.86	308,435,170.92
Less: Cash at the beginning of the period	279,225,711.56	277,506,247.40
Cash equivalent at the beginning of the period	—	—
Less: Cash equivalent at the beginning of the period	—	—
Net increase in cash and cash equivalent	29,716,011.30	30,928,923.52

