



Consolidated Cash Flow Statement

For year ended 31 December, 2004
(Prepared under PRC Accounting Rules and Regulations)

	Note	2004 RMB million	2003 RMB million
Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		24,134	17,542
Cash received relating to other operating activities		116	182
Sub-total of cash inflows		24,250	17,724
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Cash paid for goods and services		16,125	12,272
Cash paid to and on behalf of employees		2,272	1,634
Cash paid for various types of taxes		955	463
Cash paid relating to other operating activities		588	513
Sub-total of cash outflows		19,940	14,882
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Net cash inflow from operating activities	(i)	4,310	2,842
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Cash flows from investing activities:			
Cash received from return on investments		26	17
Net cash received from disposal of fixed assets and other long-term assets		88	65
Refund of deposits for fixed assets purchases		1,253	1,066
Cash received from CNA/XJA Acquisitions	(iii)	398	-
Other cash received relating to investing activities		22	13
Sub-total of cash inflows		1,787	1,161
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Cash paid for acquisition of fixed assets and other long-term assets		10,234	6,698
Cash paid for acquisition of investments		682	4
Sub-total of cash outflows		10,916	6,702
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Net cash outflow from investing activities		(9,129)	(5,541)

Consolidated Cash Flow Statement (Cont'd)

For year ended 31 December, 2004

(Prepared under PRC Accounting Rules and Regulations)

	Note	2004 RMB'000	2003 RMB'000
Cash flows from financing activities:			
Cash received from investors		172	4
Cash received from borrowings		14,840	9,116
Cash received from the issuance of A shares		–	2,641
Sub-total of cash inflows		15,012	11,761
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Cash paid for repayment of borrowings		8,489	9,947
Cash paid for dividends or interest		751	939
Sub-total of cash outflows		9,240	10,886
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Net cash outflow from financing activities		5,772	875
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Net increase/(decrease) in cash and cash equivalents	(ii)	953	(1,824)

The notes on pages 119 to 182 form part of these financial statements.



Consolidated Cash Flow Statement (Cont'd)

For year ended 31 December, 2004
(Prepared under PRC Accounting Rules and Regulations)

Notes to the consolidated cash flow statement

	2004 RMB million	2003 RMB million
(i) Reconciliation of net profit to cash flows from operating activities:		
Net profit	103	15
Add: Depreciation of fixed assets and amortisation of intangible assets	2,503	2,094
Amortisation of long-term deferred expenditure	15	14
Amortisation of deferred credits	(34)	(32)
(Gain)/loss on sale of fixed assets	(6)	19
Financial expenses	697	975
Minority interests	202	229
Investment income	(63)	(62)
Increase in operating receivables	(635)	(105)
(Increase)/decrease in inventories	(37)	21
Increase in prepaid expenses	(78)	(38)
Increase in operating payables	859	140
Increase in sales in advance of carriage	408	75
(Decrease)/increase in accrued expenses	(72)	118
Increase/(decrease) in taxes payable	166	(20)
Increase in other creditors	323	3
Decrease in deferred taxation	(110)	(652)
Increase in provision for major overhauls	69	48
Net cash inflow from operating activities	4,310	2,842
(ii) Net increase/(decrease) in cash and cash equivalents:		
Cash and cash equivalents at the end of the year	3,274	2,321
Less: Cash and cash equivalents at the beginning of the year	2,321	4,145
Net increase/(decrease) in cash and cash equivalents	953	(1,824)

Consolidated Cash Flow Statement (Cont'd)

For year ended 31 December, 2004

(Prepared under PRC Accounting Rules and Regulations)

Notes to the consolidated cash flow statement (cont'd)

	2004 RMB million
(iii) Cash received from CNA/XJA Acquisitions:	
<i>Assets acquired:</i>	
Fixed assets	12,856
Cash at bank and on hand	398
Trade receivables	314
Inventories	729
Other	1,101
	15,398
<i>Liabilities assumed:</i>	
Short-term and long-term loans	4,587
Obligations under finance leases	6,001
Trade payables	343
Accrued expenses	1,475
Other	1,033
	13,439
Net assets and liabilities	1,959
Cash consideration payable and not yet settled	1,959
Net cash inflow from acquisitions	
– cash and cash equivalents acquired	398