

## CONSOLIDATED CASH FLOW STATEMENT

(Prepared in accordance with International Accounting Standards)

Year ended 31 December 2000

	2000 RMB'000	1999 RMB'000
<b>Cash flows from operating activities</b>		
Profit attributable to shareholders	175,529	84,289
<b>Adjustments to reconcile net profit to net cash provided by operating activities:</b>		
Depreciation	1,636,328	1,621,192
Amortisation of goodwill	5,655	5,655
Amortisation of VAT	15,831	15,822
Amortisation of bond discount	(34,578)	(32,004)
Provision for post-retirement benefits	110,059	222,127
Provision for sale of staff quarters	76,000	30,000
Provision for doubtful debts	7,191	28,973
Allowance for obsolescence of flight equipment spare parts	932	45,604
Foreign exchange (gain)/losses	(145,808)	109,778
Gains on disposals of aircraft and flight equipment	(112,076)	(192,954)
Losses on disposals of other fixed assets	6,130	13,668
Minority interests	29,242	16,682
Deferred tax provision	76,729	27,181
<b>Movements in:</b>		
Goodwill	-	(113,105)
Long-term portion of accrued aircraft overhaul expenses	111,017	53,218
Trade receivables	(187,551)	(297,636)
Flight equipment spare parts	44,851	(38,098)
Amounts due from related companies	13,379	21,870
Prepayments and other receivables	159,195	(324,488)
Trade payables	2,561	14,708
Amounts due to related companies	(236,246)	282,142
Sales in advance of carriage	159,954	118,363
Tax recoverable	(4,011)	(3,825)
Other payables and accrued expenses	219,347	101,450
	1,954,131	1,726,323
<b>Net cash inflow from operating activities</b>	<b>2,129,660</b>	<b>1,810,612</b>

**CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)***(Prepared in accordance with International Accounting Standards)**Year ended 31 December 2000*

	Note	2000 RMB'000	1999 RMB'000
<b>Cash flows from investing activities:</b>			
Additions of aircraft and flight equipment		(236,642)	(798,953)
Acquisition of passenger carriage business		–	(87,995)
Proceeds on disposals of aircraft, flight equipment, other fixed assets and equipment		325,844	1,415,306
Additions of buildings, other fixed assets and equipment		(173,923)	(353,761)
Acquisition of land use rights		(277,926)	–
Advances on aircraft and flight equipment		(630,241)	(493,587)
Repayments of advances on aircraft and flight equipment		275,759	302,122
Additions of construction in progress		(540,278)	(658,612)
Net (increase)/decrease in short-term deposits with original maturities over three months		(42,936)	41,571
Net decrease in long-term bank deposits		128,425	50,258
Repayment of loans to ultimate holding company		15,617	–
Loans to ultimate holding company		–	(14,063)
<b>Net cash outflow from investing activities</b>		<b>(1,156,301)</b>	<b>(597,714)</b>
<b>Cash flows from financing activities:</b>			
Loans from a related company		340,000	1,160,000
Repayments of loans from a related company		(530,000)	(970,000)
Short-term bank loans		1,250,000	1,987,010
Repayments of short-term bank loans		(1,065,586)	(2,536,288)
Long-term bank loans		1,100,000	1,300,000
Repayments of long-term bank loans		(1,001,486)	(1,551,257)
Principal repayments of finance lease obligations		(1,152,459)	(1,312,161)
Receipts of amounts due under subleases		195,901	80,376
Capital injection from minority shareholder		17,900	135,000
<b>Net cash outflows from financing activities</b>		<b>(845,730)</b>	<b>(1,707,320)</b>
<b>Net cash inflow/(outflow)</b>		<b>127,629</b>	<b>(494,422)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>1,315,172</b>	<b>1,792,824</b>
<b>Exchange adjustment</b>		<b>(19,910)</b>	<b>16,770</b>
<b>Cash and cash equivalents at 31 December</b>	32(a)	<b>1,422,891</b>	<b>1,315,172</b>