

Notes to the Cash Flow Statement

For the year ended 31 December 2003
(Prepared under PRC Accounting Rules and Regulations)

(a) Reconciliation of net profit to cash flows from operating activities

	2003 RMB'000
Net profit	1,385,556
Depreciation	1,695,846
Provision for impairment losses	24,600
Provision for bad debts	(8,755)
Provision for inventories	41,969
Amortisation of goodwill	13,448
Loss on disposal of fixed assets	48,114
Financial expenses	369,621
Investment income	(135,905)
Deferred tax assets	(9,682)
Increase in inventories	(171,465)
Increase in operating receivables	(417,226)
Decrease in operating payables	(438,450)
Net cash flows from operating activities	2,397,671

(b) Net increase in cash and cash equivalents

	2003 RMB'000
Cash at the end of the year	1,398,250
Less: Cash at the beginning of the year	1,168,200
Add: Cash equivalents at the end of the year	-
Less: Cash equivalents at the beginning of the year	32,980
Net increase in cash and cash equivalents	197,070

The notes to the financial statements form part of these financial statements.