

# Notes to the Consolidated Cash Flow Statement

for the year ended 31 December 2003  
(Amounts expressed in thousands)

(a) **Reconciliation of profit from ordinary activities before taxation to cash generated from operations**

	2003 RMB	2002 RMB
<b>Profit from ordinary activities before taxation</b>	<b>1,609,552</b>	1,393,066
<i>Adjustments for:</i>		
Provision for impairment of other investments	<b>1,676</b>	13,272
Net loss on disposal of property, plant and equipment	<b>22,506</b>	54,278
Net loss on disposal of associates and other investments	—	2,459
Amortisation of lease prepayments	<b>1,143</b>	893
Depreciation of property, plant and equipment	<b>844,305</b>	748,560
Share of (profits) less losses from associates and jointly controlled entity	<b>4,898</b>	(9,832)
Dividend income from other investments	<b>(6,079)</b>	(5,983)
Interest expense	<b>73,102</b>	69,285
Interest income	<b>(8,122)</b>	(5,574)
<b>Operating profit before changes in working capital</b>	<b>2,542,981</b>	2,260,424
(Increase)/decrease in inventories	<b>(371,948)</b>	125,075
Decrease/(increase) in trade receivables-third parties	<b>111,179</b>	(220,804)
Decrease/(increase) in other receivables, deposits and prepayments	<b>57,175</b>	(154,513)
Decrease/(increase) in amounts due from associates and jointly controlled entity	<b>1,257</b>	(10,547)
Decrease in amounts due from parent companies and fellow subsidiaries	<b>66,091</b>	45,747
Increase in lease prepayments	<b>(1,450)</b>	(14,648)
Increase in trade payables-third parties	<b>492,357</b>	55,532
Increase in accruals and other payables	<b>142,619</b>	88,276
(Decrease)/increase in amounts due to associates	<b>(5,012)</b>	5,012
Increase in amounts due to parent companies and fellow subsidiaries	<b>3,161</b>	92,047
Increase in other taxes payable	<b>12,372</b>	276,365
Decrease in other non-current liabilities	—	(42)
<b>Cash generated from operations</b>	<b>3,050,782</b>	2,547,924