

Notes to the Cash Flow Statements

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

	Six-month periods ended 30 June			
	The Group		The Company	
	2004	2003	2004	2003
	RMB'000	RMB'000	RMB'000	RMB'000
Net profit	1,531,200	471,680	1,531,200	471,680
Depreciation	958,425	925,852	842,791	830,589
Loss on disposal of fixed assets	41,139	2,529	42,677	3,100
Provision for impairment losses on fixed assets	34,345	-	34,345	-
Provision for bad debts	4,876	19,225	-	13,640
Financial expenses	165,682	210,195	139,826	197,252
Investment (income)/ losses	(15,653)	1,178	(137,663)	(33,120)
Amortisation of intangible assets	6,724	6,724	6,724	6,724
Deferred tax assets	(16,427)	(1,012)	(15,020)	(1,012)
Increase in inventories	(197,148)	(45,896)	(173,592)	(60,669)
Increase in operating receivables	(766,577)	(111,076)	(727,129)	(33,748)
(Decrease)/ increase in operating payables	(99,404)	19,989	(20,447)	(49,463)
Minority interests	40,919	13,375	-	-
Net cash flows from operating activities	<u>1,688,101</u>	<u>1,512,763</u>	<u>1,523,712</u>	<u>1,344,973</u>

(b) Net (decrease)/ increase in cash and cash equivalents

	Six-month periods ended 30 June			
	The Group		The Company	
	2004	2003	2004	2003
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at the end of the period	1,565,840	1,860,950	1,176,122	1,380,478
Less: Cash at the beginning of the period	1,840,351	1,627,551	1,398,250	1,168,200
Less: Cash equivalents at the beginning of the period	-	32,980	-	32,980
Net (decrease)/ increase in cash and cash equivalents	<u>(274,511)</u>	<u>200,419</u>	<u>(222,128)</u>	<u>179,298</u>

The notes on pages 44 to 84 form part of these unaudited financial statements.