

# CASH FLOW STATEMENT

for the year ended 31 December 2004

	Note	2004 RMB millions	2003 RMB millions
<b>Cash flows from operating activities</b>			
Cash received from sale of goods and rendering of services		474,149	335,409
Rentals received		201	207
Other cash received relating to operating activities		2,760	1,789
<b>Sub-total of cash inflows</b>		<b>477,110</b>	<b>337,405</b>
Cash paid for goods and services		(382,856)	(258,814)
Cash paid for operating leases		(5,391)	(2,785)
Cash paid to and on behalf of employees		(8,539)	(7,595)
Value added tax paid		(13,460)	(11,678)
Income tax paid		(4,474)	(2,009)
Taxes paid other than value added tax and income tax		(10,319)	(8,047)
Repayments of borrowings on behalf of a subsidiary		—	(962)
Other cash paid relating to operating activities		(17,851)	(18,582)
<b>Sub-total of cash outflows</b>		<b>(442,890)</b>	<b>(310,472)</b>
<b>Net cash flows from operating activities</b>	(a)	<b>34,220</b>	<b>26,933</b>
<b>Cash flows from investing activities</b>			
Cash received from sale of investments		62	111
Dividends received		6,379	9,067
Net cash received from sale of fixed assets and intangible assets		178	184
Maturity of time deposits with financial institutions		605	434
Other cash received relating to investing activities		144	125
<b>Sub-total of cash inflows</b>		<b>7,368</b>	<b>9,921</b>
Cash paid for acquisition of fixed assets and intangible assets		(41,477)	(25,151)
Cash paid for purchases of investments		(3,156)	(1,121)
Increase in time deposits with financial institutions		(617)	(449)
Cash paid for acquisition of Sinopec Maoming, Xi'an Petrochemical and Tahe Petrochemical		(3,652)	—
<b>Sub-total of cash outflows</b>		<b>(48,902)</b>	<b>(26,721)</b>
<b>Net cash flows from investing activities</b>		<b>(41,534)</b>	<b>(16,800)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of corporate bonds, net of issuing expenses		3,472	—
Proceeds from borrowings		255,218	142,118
<b>Sub-total of cash inflows</b>		<b>258,690</b>	<b>142,118</b>
Repayments of borrowings		(239,933)	(143,893)
Cash paid for dividends, distribution of profit or interest		(11,737)	(10,220)
<b>Sub-total of cash outflows</b>		<b>(251,670)</b>	<b>(154,113)</b>
<b>Net cash flows from financing activities</b>		<b>7,020</b>	<b>(11,995)</b>
<b>Net decrease in cash and cash equivalents</b>	(b)	<b>(294)</b>	<b>(1,862)</b>

The notes on pages 94 to 125 form part of these financial statements.