

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	
	2005	2004	2005	2004
	RMB'000	RMB'000	RMB'000	RMB'000
Net profit	1,650,520	1,531,200	1,650,520	1,531,200
Depreciation	879,306	958,425	767,561	842,791
Loss on disposal of fixed assets	1,810	41,139	1,230	42,677
Provision for impairment losses on fixed assets	-	34,345	-	34,345
Provision for bad debts	1,978	4,876	-	-
Provision for diminution in value of inventories	(4,518)	-	-	-
Financial expenses	128,115	165,682	111,308	139,826
Investment losses/(income)	116,089	(15,653)	100,505	(137,663)
Amortisation of intangible assets	6,724	6,724	6,724	6,724
Deferred tax assets	-	(16,427)	-	(15,020)
Increase in inventories	(710,474)	(197,148)	(660,770)	(173,592)
Decrease/(increase) in operating receivables	142,502	(766,577)	199,081	(727,129)
Decrease in operating payables	(467,997)	(99,404)	(252,172)	(20,447)
Minority interests	34,386	40,919	-	-
Net cash flows from operating activities	<u>1,778,441</u>	<u>1,688,101</u>	<u>1,923,987</u>	<u>1,523,712</u>

(b) Net decrease in cash and cash equivalents

	Six-month periods ended 30 June			
	The Group		The Company	
	2005	2004	2005	2004
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at the end of the period	1,400,257	1,565,840	1,017,542	1,176,122
Less: Cash at the beginning of the period	1,690,500	1,840,351	1,163,399	1,398,250
Less: Cash equivalents at the beginning of the period	-	-	-	-
Net decrease in cash and cash equivalents	<u>(290,243)</u>	<u>(274,511)</u>	<u>(145,857)</u>	<u>(222,128)</u>

The notes on pages 49 to 88 form part of these unaudited financial statements.