

Notes to the Cash Flow Statement

For the year ended 31 December 2005
(Prepared under PRC Accounting Rules and Regulations)

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

	2005 RMB'000
Net profit	1,704,627
Depreciation	1,528,938
Provision for bad debts	(852)
Provision for inventories	1,636
Amortisation of goodwill	13,448
Gain on disposal of fixed assets	(17,009)
Financial expenses	185,026
Investment income	(105,853)
Deferred tax assets	19,916
Increase in inventories	(322,692)
Decrease in operating receivables	1,251,575
Decrease in operating payables	(349,033)
Net cash flows from operating activities	3,909,727

(b) Net decrease in cash and cash equivalents

	2005 RMB'000
Cash at the end of the year	821,564
Less: Cash at the beginning of the year	(1,163,399)
Net decrease in cash and cash equivalents	(341,835)

Approved by the Board of Directors on 24 March 2006.

Rong Guangdao

Chairman and President

Du Chongjun

Vice chairman and Vice President

Han Zhihao

Director and Chief Financial Officer

The notes on pages 152 to 192 form part of these financial statements.