

Cash Flow Statement

As at 31 December 2006

(Prepared in accordance with PRC Accounting Standard)

(All amounts in Rmb Thousand Yuan unless otherwise stated)

Items	Note	Consolidated	The Company
1. Cash flows generated from operating activities			
Cash received from sales of goods and services rendered		26,782,650	11,299,935
Refund of taxes and levies		2,648	–
Other cash received relating to operating activities		51,591	18,444
Sub-total of cash inflows		<u>26,836,889</u>	<u>11,318,379</u>
Cash paid for goods and services received		(13,126,209)	(5,869,203)
Cash paid to and on behalf of employees		(1,433,027)	(913,840)
Payments of all types of taxes		(4,141,685)	(1,943,539)
Other cash paid relating to operating activities		(685,044)	(337,835)
Sub-total of cash outflows		<u>(19,385,965)</u>	<u>(9,064,417)</u>
Net cash flows generated from operating activities		7,450,924	2,253,962
2. Cash flows generated from investing activities			
Cash received on disposals of investments		–	15,889
Cash received on investment income		30,108	1,080,587
Net cash received from disposals of fixed assets, intangible assets and other long-term assets		49,042	432,682
Other cash received relating to investing activities		75,019	39,400
Sub-total of cash inflows		<u>154,169</u>	<u>1,568,558</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(15,394,120)	(6,320,428)
Cash paid to acquire investments		(1,082,179)	(3,340,059)
Including: Capital injection to subsidiaries		(280,965)	–
Cash received from returns on investments		–	–
Sub-total of cash outflows		<u>(16,476,299)</u>	<u>(9,660,487)</u>
Net cash flows used in investing activities		(16,322,130)	(8,091,929)
3. Cash flows generated from financing activities			
Cash received from investments		3,665,406	3,278,824
Including: cash received from minority shareholders' equity investments in subsidiaries		407,463	–
Cash received from borrowings		34,182,075	11,450,000
Other cash received relating to financing activities		1,073	–
Sub-total of cash inflows		<u>37,848,554</u>	<u>14,728,824</u>
Cash paid on repayments of borrowings		(21,216,537)	(3,995,000)
Cash paid for dividends, profit appropriation or interest expenses		(4,137,688)	(1,567,390)
Including: Dividends paid to minority shareholders of subsidiaries		(573,706)	–
Cash payments relating to other financing activities		(195,793)	–
Sub-total of cash outflows		<u>(25,550,018)</u>	<u>(5,562,390)</u>
Net cash flows generated from/(used in) financing activities		12,298,536	9,166,434
4. Effect of foreign exchange rate changes on cash		(5,385)	(5,917)
5. Net increase in cash		3,421,945	3,322,550

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(All amounts in Rmb Thousand Yuan unless otherwise stated)

Supplementary Information	Note	Consolidated	The Company
1. Reconciliation of net profit to cash flows from operating activities			
Net profit		2,707,291	2,697,429
Add: Minority interests		778,267	–
(Reversal of)/provision for asset impairment		–	–
Depreciation on fixed assets		4,082,525	1,361,822
Amortization on intangible assets		20,265	11,519
Amortization on long-term deferred expenses		216,281	63,513
Increase in deferred expenses		(1,325)	–
Increase in accrued expenses		–	–
Loss on disposal of fixed assets, intangible assets and other long-term assets		–	–
Losses on scrapping of fixed assets		1,269	1,240
Financial expenses		1,580,728	163,740
Exchange gain, net		(148,131)	(26,468)
Investment income		(37,162)	(1,391,458)
Deferred tax credit (debit)		–	–
Decrease in inventories		(146,168)	(32,593)
Increase in operating receivable items		(2,081,970)	(723,862)
Increase in operating payable items		479,054	129,080
Other		–	–
Increase in operating payable items		7,450,924	2,253,962
2. Investing and financing activities that do not involve cash receipts or payments			
Conversion of debt into capital		–	–
Reclassification of current portion of convertible notes		–	–
Fixed assets capitalized under finance leases		–	–
3. Net increase in cash			
Cash at end of year		4,451,284	4,104,987
Less: cash at beginning of year		(1,029,339)	(782,437)
Cash equivalents at end of year		–	–
Less: cash equivalents at beginning of year		–	–
Net increase in cash		<u>3,421,945</u>	<u>3,322,550</u>

The accompanying notes form an integral part of these financial statements.

Legal representative:

Person in charge of
accounting function:

Person in charge of
accounting department: