

Notes to the Cash Flow Statement

For the year ended 31 December 2006
(Prepared under PRC Accounting Rules and Regulations)

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

	2006 RMB'000
Net profit	736,851
Add: Depreciation	1,562,859
Impairment loss for fixed assets	50,000
Provision for bad debts	4,669
Provision for inventories	(8,282)
Amortisation of goodwill	8,967
Loss on disposal of fixed assets	54,889
Financial expenses	150,744
Investment income	(795,339)
Deferred tax assets	(8,245)
Increase in inventories	(38,478)
Increase in operating receivables	(466,470)
Increase in operating payables	623,731
Net cash flows from operating activities	1,875,896

(ii) Net decrease in cash and cash equivalents

	2006 RMB'000
Cash at the end of the year	551,693
Less: Cash at the beginning of the year	(821,564)
Net decrease in cash and cash equivalents	(269,871)

Approved by the Board of Directors on 29 March 2007.

Rong Guangdao

Chairman and President

Du Chongjun

Vice chairman and Vice President

Han Zhihao

Director and Chief Financial Officer

The notes on pages 158 to 199 form part of these financial statements.