

**CASH FLOW STATEMENT***For year ended 31 December, 2003
(Prepared under PRC Accounting Rules and Regulations)*

Note	2003 RMB'000	2002 RMB'000
Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	11,991,375	9,725,792
Other cash received relating to operating activities	87,718	60,746
Sub-total of cash inflows	12,079,093	9,786,538
Cash flows from investing activities:		
Cash paid for goods and services	9,317,477	4,270,252
Cash paid to and on behalf of employees	1,255,342	881,419
Cash paid for all types of taxes	192,743	840,734
Other cash paid relating to operating activities	230,534	368,326
Sub-total of cash outflows	10,996,096	6,360,731
Net cash inflow from operating activities	1,082,997	3,425,807
	(i)	
Cash flows from investing activities:		
Cash received from return on investments	2,693	71,028
Net cash received from disposal of fixed assets and other long-term assets	7,081	779,298
Refund of deposits for fixed asset purchases	1,066,086	1,996,274
Other cash received relating to investing activities	7,666	42,446
Sub-total of cash inflows	1,083,526	2,889,046
Cash paid for acquisition of fixed assets and other long-term assets	5,512,354	7,329,777
Cash paid for acquisition of investments	12,026	570,317
Sub-total of cash outflows	5,524,380	7,900,094
Net cash outflow from investing activities	(4,440,854)	(5,011,048)

The notes on pages 116 to 182 form part of these financial statements.



CASH FLOW STATEMENT (Cont'd)

For year ended 31 December, 2003

(Prepared under PRC Accounting Rules and Regulations)

Note	2003 RMB'000	2002 RMB'000
Cash flows from financing activities:		
Cash received from borrowings	8,083,007	6,374,224
Proceeds from A share issue	2,640,767	-
Sub-total of cash inflows	10,723,774	6,374,224
Cash paid for repayment of borrowings	8,116,528	2,972,465
Cash paid for dividends or interest	804,852	993,763
Sub-total of cash outflows	8,921,380	3,966,228
Net cash inflow from financing activities	1,802,394	2,407,996
Net (decrease)/ increase in cash and cash equivalents (iii)	(1,555,463)	822,755

The notes on pages 116 to 182 form part of these financial statements.

**CASH FLOW STATEMENT (Cont'd)**

For year ended 31 December, 2003

(Prepared under PRC Accounting Rules and Regulations)

Notes to the cash flow statements	2003 RMB'000	2002 RMB'000
(i) Reconciliation of net profit to cash flows from operating activities:		
Net profit	14,488	513,345
Add: Depreciation of fixed assets	1,574,366	1,342,887
Amortisation of deferred expenditure	7,421	8,461
Amortisation of deferred credits	(32,249)	(17,725)
(Gain)/loss on sale of fixed assets	(2,521)	6,980
Financial expenses	871,066	976,935
Investment income	(266,925)	(268,556)
(Increase)/decrease in operating receivables	(664,172)	4,255
(Increase)/decrease in inventories	(23,230)	30,451
Decrease/(increase) in prepaid expenses	277	(7,486)
Increase in operating payables	93,667	647,051
Increase in sales in advance of carriage	65,394	27,890
Increase/(decrease) in accrued expenses	78,662	(65,616)
Decrease in taxes payable	(28,650)	(22,569)
Decrease in other creditors	(445)	(739)
(Decrease)/increase in deferred taxation	(671,755)	235,008
Increase in provision for major overhauls	67,603	15,235
Net cash inflow from operating activities	1,082,997	3,425,807
(ii) Investing and financing activities not requiring the use of cash and cash equivalents:		
Purchase of fixed assets by assumption of debts	-	964,736
(iii) Net (decrease)/ increase in cash and cash equivalents:		
Cash and cash equivalents at the end of the year	1,404,874	2,960,337
Less: Cash and cash equivalents at the beginning of the year	2,960,337	2,137,582
Net (decrease)/ increase in cash and cash equivalents	(1,555,463)	822,755

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