



Cash Flow Statement

For year ended 31 December, 2004
(Prepared under PRC Accounting Rules and Regulations)

	Note	2004 RMB million	2003 RMB million
Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		16,911	11,991
Cash received relating to other operating activities		105	88
Sub-total of cash inflows		17,016	12,079
<hr style="border-top: 1px dashed black;"/>			
Cash paid for goods and services		11,595	9,318
Cash paid to and on behalf of employees		1,753	1,255
Cash paid for various types of taxes		533	193
Cash paid relating to other operating activities		427	230
Sub-total of cash outflows		14,308	10,996
<hr style="border-top: 1px dashed black;"/>			
Net cash inflow from operating activities	(i)	2,708	1,083
Cash flows from investing activities:			
Cash received from return on investments		46	3
Net cash received from disposal of fixed assets and other long-term assets		81	7
Refund of deposits for fixed assets purchases		891	1,066
Cash received from CNA/XJA Acquisitions	(iii)	370	–
Cash received relating to other investing activities		17	7
Sub-total of cash inflows		1,405	1,083
<hr style="border-top: 1px dashed black;"/>			
Cash paid for acquisition of fixed assets and other long-term assets		7,312	5,512
Cash paid for acquisition of investments		734	12
Sub-total of cash outflows		8,046	5,524
<hr style="border-top: 1px dashed black;"/>			
Net cash outflow from investing activities		(6,641)	(4,441)

Cash Flow Statement (Cont'd)

For year ended 31 December, 2004

(Prepared under PRC Accounting Rules and Regulations)

	Note	2004 RMB million	2003 RMB million
Cash flows from financing activities:			
Cash received from borrowings		12,644	8,083
Cash received from the issuance of A shares		–	2,641
Sub-total of cash inflows		12,644	10,724
<hr style="border-top: 1px dashed black;"/>			
Cash paid for repayment of borrowings		7,230	8,116
Cash paid for dividends or interest		584	805
Sub-total of cash outflows		7,814	8,921
<hr style="border-top: 1px dashed black;"/>			
Net cash inflow from financing activities		4,830	1,803
<hr style="border-top: 1px dashed black;"/>			
Net increase/(decrease) in cash and cash equivalents	(ii)	897	(1,555)

The notes on pages 119 to 182 form part of these financial statements.



Cash Flow Statement (Cont'd)

For year ended 31 December, 2004
(Prepared under PRC Accounting Rules and Regulations)

Notes to the cash flow statement

	2004 RMB'000	2003 RMB'000
(i) Reconciliation of net profit to cash flows from operating activities:		
Net profit	103	15
Add: Depreciation of fixed assets and amortisation of intangible assets	1,885	1,574
Amortisation of long-term deferred expenditure	12	7
Amortisation of deferred credits	(34)	(32)
Loss/(gain) on sale of fixed assets	17	(3)
Financial expenses	560	871
Investment income	(224)	(266)
Increase in operating receivables	(769)	(664)
Increase in inventories	(61)	(23)
Increase in prepaid expenses	(17)	-
Increase in operating payables	481	94
Increase in sales in advance of carriage	400	65
Increase in accrued expenses	102	79
Increase/(decrease) in taxes payable	76	(29)
Increase/(decrease) in other creditors	266	(1)
Decrease in deferred taxation	(118)	(672)
Increase in provision for major overhauls	29	68
Net cash inflow from operating activities	2,708	1,083
(ii) Net increase/(decrease) in cash and cash equivalents:		
Cash and cash equivalents at the end of the year	2,302	1,405
Less: Cash and cash equivalents at the beginning of the year	1,405	2,960
Net increase/(decrease) in cash and cash equivalents	897	(1,555)

Cash Flow Statement (Cont'd)

For year ended 31 December, 2004

(Prepared under PRC Accounting Rules and Regulations)

Notes to the cash flow statement (cont'd)

	2004 RMB'000
(iii) Cash received from CNA/XJA Acquisitions:	
<i>Assets acquired:</i>	
Fixed assets	12,606
Cash at bank and on hand	370
Trade receivables	305
Inventories	727
Other	1,336
	15,344
<i>Liabilities assumed:</i>	
Short-term and long-term loans	4,587
Obligations under finance leases	6,001
Trade payables	343
Accrued expenses	1,464
Other	990
	13,385
Net assets and liabilities	1,959
Cash consideration payable and not yet settled	1,959
Net cash inflow from acquisitions	
– cash and cash equivalents acquired	370