

Consolidated Cash Flow Statement

For year ended 31 December 2005
(Prepared under PRC Accounting Rules and Regulations)
(Expressed in Renminbi)

	Notes to the consolidated cash flow statement	2005 RMB million
Cash flows from operating activities:		
Cash received from sale of goods and rendering of services		39,513
Refund of taxes		27
Cash received relating to other operating activities		347
Sub-total of cash inflows		39,887
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Cash paid for goods and services		28,159
Cash paid to and on behalf of employees		4,061
Cash paid for various types of taxes		1,110
Cash paid relating to other operating activities		640
Sub-total of cash outflows		33,970
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Net cash inflow from operating activities	(i)	5,917
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Cash flows from investing activities:		
Cash received from disposal of investments		672
Cash received from return on investments		28
Net cash received from disposal of fixed assets		223
Refund of deposits for fixed assets purchases		4,618
Cash received relating to other investing activities		124
Sub-total of cash inflows		5,665
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Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		11,951
Cash paid for the CNA/XJA Acquisitions		1,959
Cash paid relating to other investing activities		135
Sub-total of cash outflows		14,045
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Net cash outflow from investing activities		(8,380)

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

Consolidated Cash Flow Statement (Cont'd)

For year ended 31 December 2005
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	Notes to the consolidated cash flow statement	2005 RMB million
Cash flows from financing activities:		
Cash received from investors		71
Cash received from borrowings		18,441
Cash received relating to other financing activities		56
Sub-total of cash inflows		18,568
Cash paid for repayment of borrowings		14,502
Cash paid for dividends or interest		1,747
Sub-total of cash outflows		16,249
Net cash inflow from financing activities		2,319
Net decrease in cash and cash equivalents	(ii)	(144)

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

Consolidated Cash Flow Statement (Cont'd)

For year ended 31 December 2005
(Prepared under PRC Accounting Rules and Regulations)
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Notes to the consolidated cash flow statement

	2005 RMB million
(i) Reconciliation of net loss to cash flows from operating activities:	
Net loss	(1,794)
Add: Depreciation of fixed assets	4,472
Amortisation of intangible assets	46
Amortisation of long-term deferred expenditure	117
Amortisation of deferred credits	(70)
Increase of deferred expenses	(4)
Increase of accrued expenses	29
Loss on disposal of fixed assets	32
Financial expenses	393
Minority interests	25
Investment loss	202
Deferred tax liabilities (less: deferred tax assets)	(27)
Decrease in inventories	48
Increase in sales in advance of carriage	539
Increase in taxes payable	78
Increase in other creditors	241
Increase in provision for major overhauls	31
Increase in operating receivables	(262)
Increase in operating payables	1,821
Net cash inflow from operating activities	5,917
(ii) Net decrease in cash and cash equivalents:	
Cash and cash equivalents at the end of the year	3,130
Less: Cash and cash equivalents at the beginning of the year	3,274
Net decrease in cash and cash equivalents	(144)

Approved by the Board of Directors on 19 April 2006.

Liu Shao Yong
Chairman

Si Xian Min
Director and President

Xu Jie Bo
Director and
Chief Financial Officer

Xiao Li Xin
General Manager of
Finance Department