

# Cash Flow Statement

For the year ended 31st December, 2000

(Amounts expressed in thousands of Rmb)

	Note	2000	1999
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		<b>2,927,032</b>	2,252,730
Adjustments to reconcile profit before taxation to net cash provided by operating activities:			
Depreciation and amortization		<b>2,666,949</b>	2,391,998
Unrealized exchange gain		<b>(2,709)</b>	(56,243)
Amortization of other long-term assets		<b>15,657</b>	6,814
Provision for bad debts		<b>4,588</b>	—
Provision for inventory obsolescence		<b>10,608</b>	—
Loss on disposals of fixed assets		<b>50,879</b>	6,444
Interest income		<b>(79,723)</b>	(108,601)
Interest expenses		<b>1,024,653</b>	899,780
Decrease (increase) in assets:			
Accounts receivable		<b>207,299</b>	(726,257)
Materials and supplies		<b>(30,928)</b>	18,720
Other receivables and assets		<b>(25,151)</b>	407,779
Due from HIPDC		<b>28,583</b>	(28,583)
Other long-term assets		<b>(86,952)</b>	—
(Decrease) increase in liabilities:			
Accounts payable and accrued liabilities		<b>(359,046)</b>	886,738
Taxes payable		<b>36,087</b>	39,990
Staff welfare and bonus payable		<b>123,622</b>	(119,038)
Due to HIPDC		<b>130,158</b>	(2,633)
Interest paid		<b>(649,193)</b>	(615,946)
Income tax paid		<b>(428,693)</b>	(370,102)
Interest received		<b>79,641</b>	123,787
Net cash provided by operating activities		<b>5,643,361</b>	5,007,377

For the year ended 31st December, 2000  
(Amounts expressed in thousands of Rmb)

	Note	2000	1999
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditures		<b>(351,966)</b>	(2,274,342)
Proceeds from disposals of fixed assets		<b>17,872</b>	17,234
Increase in other long-term assets		<b>(1,050)</b>	(3,197)
Decrease in temporary cash investments		<b>955,619</b>	586,489
Increase in short-term investments		<b>(60,000)</b>	—
Net cash inflow from acquisition of Nanjing Power Plant	27(a)	—	150,229
Repayment of payable to Nanjing Investment	5(d), 27(a)	<b>(100,000)</b>	(1,111,375)
Expenditures for Shandong Huaneng acquisition	34	<b>(10,096)</b>	—
Prepayment of consideration for Shandong Huaneng acquisition	34	<b>(5,767,898)</b>	—
Net cash used in investing activities		<b>(5,317,519)</b>	(2,634,962)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdown of short-term bank loans		<b>1,511,000</b>	142,000
Repayment of short-term bank loans		<b>(261,000)</b>	(419,000)
Drawdown of long-term loans from shareholders		—	18,383
Repayment of long-term loans from shareholders		<b>(737,270)</b>	(1,835,897)
Repayment of long-term loan from Nanjing Investment		<b>(58,123)</b>	(58,123)
Drawdown of long-term bank loans		<b>165,215</b>	1,051,470
Repayment of long-term bank loans		<b>(941,989)</b>	(511,468)
Dividend paid		<b>(508,500)</b>	(452,000)
Net cash used in financing activities		<b>(830,667)</b>	(2,064,635)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(504,825)</b>	307,780
Cash and cash equivalents, beginning of year		<b>2,493,198</b>	2,185,418
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>		<b>1,988,373</b>	2,493,198

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