

STATEMENT OF CASH FLOWS

Year ended 31st December, 2000

	NOTES	Year ended 31st December,		
		2000 RMB'000	1999 RMB'000	1998 RMB'000
CASH FLOW FROM OPERATING ACTIVITIES				
Net income		748,360	825,120	817,360
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation		514,203	503,349	540,827
Amortization of goodwill		777	777	777
(Recognition) utilization of deferred tax assets		(8,315)	21,278	(15,294)
Loss on disposal of property, plant and equipment		11,601	2,117	1,400
(Increase) decrease in assets:				
Bills and accounts receivable		26,929	(256,885)	(391,426)
Inventories		47,547	(5,849)	69,168
Prepayments and other current assets		(259,693)	(41,461)	(146,186)
Amounts due from Parent Company and its subsidiary companies		–	–	76,616
Increase (decrease) in liabilities:				
Accounts payable		38,485	17,623	164,180
Other payables and accrued expenses		2,589	(105,469)	117,002
Amounts due to Parent Company and its subsidiary companies		110,577	(19,249)	46,159
Taxes payable		(164,289)	16,589	224,813
Net cash provided by operating activities		<u>1,068,771</u>	<u>957,940</u>	<u>1,505,396</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(523,040)	(468,516)	(424,041)
Proceeds on disposal of property, plant and equipment		12,736	797	616
Acquisition of Jining II	26	–	–	(1,952,315)
CASH FLOW FROM INVESTING ACTIVITIES		<u>(510,304)</u>	<u>(467,719)</u>	<u>(2,375,740)</u>
CASH FLOW FROM FINANCING ACTIVITIES				
Dividend paid		(231,400)	(148,200)	(144,400)
Repayment of borrowings		–	(115,000)	(1,200,000)
Issue of share capital		–	–	2,293,613

STATEMENT OF CASH FLOWS (Cont'd)

	NOTES	Year ended 31st December,		
		2000 RMB'000	1999 RMB'000	1998 RMB'000
CASH FLOW FROM FINANCING ACTIVITIES		<u>(231,400)</u>	<u>(263,200)</u>	<u>949,213</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		<u>327,067</u>	<u>227,021</u>	<u>78,869</u>
CASH AND CASH EQUIVALENTS, BEGINNING		<u>517,687</u>	<u>290,666</u>	<u>211,797</u>
CASH AND CASH EQUIVALENTS, ENDING		<u><u>844,754</u></u>	<u><u>517,687</u></u>	<u><u>290,666</u></u>
Additional cash flow information:				
Cash paid during the year for				
Interest		5,012	10,450	87,603
Income taxes		459,896	297,426	146,763