



## CONDENSED STATEMENT OF CASH FLOWS

	NOTE	Six months ended June 30,	
		2001 RMB'000 (unaudited)	2000 RMB'000 (audited)
Cash flow from operating activities			
Net income		446,998	358,763
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		416,116	261,423
Amortization of goodwill		389	389
Release of negative goodwill to income		(18,426)	–
Deemed interest expenses		22,565	–
Amortization of mining rights		3,312	–
Recognition of deferred tax asset		(1,216)	(7,920)
Loss on disposal of property, plant and equipment		3,548	11,235
(Increase) decrease in assets:			
Bills and accounts receivable		6,980	(112,921)
Inventories		(78,159)	33,548
Prepayments and other current assets		(67,931)	(214,195)
Increase (decrease) in liabilities:			
Accounts payable		(120,367)	(144,046)
Other payables and accrued expenses		82,551	(30,714)
Amounts due to Parent Company and its subsidiary companies		(127,826)	296,095
Taxes payable		(27,889)	(168,134)
Net cash provided by operating activities		<u>540,645</u>	<u>283,523</u>
Cash flow from investing activities			
Acquisition of Jining III	24	(1,354,136)	–
Purchase of property, plant and equipment		(45,128)	(20,698)
Proceeds on disposal of property, plant and equipment		2,798	983
Net cash utilized for investing activities		<u>(1,396,466)</u>	<u>(19,715)</u>
Cash flow from financing activities			
Issues of shares, net of share issue expenses		1,451,303	–
Dividend paid		(235,340)	(231,400)
Net cash provided by (utilized for) financing activities		<u>1,215,963</u>	<u>(231,400)</u>
Net increase in cash and cash equivalents		360,142	32,408
Cash and cash equivalents, beginning		844,754	517,687
Cash and cash equivalents, ending		<u>1,204,896</u>	<u>550,095</u>
Additional cash flow information:			
Cash paid for			
Interest		1,314	2,473
Income taxes		198,510	314,015