

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2001

	NOTES	Year ended December 31,		
		2001 RMB'000	2000 RMB'000	1999 RMB'000
CASH FLOW FROM OPERATING ACTIVITIES				
Net income		970,945	748,360	825,120
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation of property, plant and equipment and the land use rights		819,638	514,203	503,349
Amortization of goodwill		777	777	777
Release of negative goodwill to income		(27,620)		
Amortisation of mining rights		6,624	–	–
(Recognition) utilization of deferred tax asset		(2,260)	(8,315)	21,278
Loss on disposal of property, plant and equipment		5,811	11,601	2,117
(Increase) decrease in assets:				
Bills and accounts receivable		145,380	26,929	(256,885)
Inventories		(157,373)	47,547	(5,849)
Prepayments and other current assets		(282,451)	(259,693)	(41,461)
Taxes receivable		(21,674)	–	–
Increase (decrease) in liabilities:				
Accounts payable		79,275	38,485	17,623
Other payables and accrued expenses		186,763	8,851	(26,386)
Provision for land subsidence, restoration, rehabilitation and environmental costs		(16,528)	(51,881)	(79,083)
Amounts due to Parent Company and its subsidiary companies		52,658	110,577	(19,249)
Taxes payable		(149,726)	(164,289)	16,589
Net cash provided by operating activities		<u>1,610,239</u>	<u>1,023,152</u>	<u>957,940</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Acquisition of Jining III	31	(1,204,133)	–	–
Purchase of property, plant and equipment		(677,936)	(477,421)	(468,516)
Acquisition of investments in securities		(51,757)	–	–
Increase in restricted cash		(30,000)	–	–
Proceeds on disposal of property, plant and equipment		13,686	12,736	797
Acquisition of a subsidiary	32	<u>1,941</u>	–	–
CASH FLOW FROM INVESTING ACTIVITIES		<u>(1,948,199)</u>	<u>(464,685)</u>	<u>(467,719)</u>

CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	NOTES	Year ended December 31,		
		2001 RMB'000	2000 RMB'000	1999 RMB'000
CASH FLOW FROM FINANCING ACTIVITIES				
Acquisition of Jining III	31	(601,452)	–	–
Issues of shares, net of share issue expenses		1,454,804	–	–
Dividend paid		(235,340)	(231,400)	(148,200)
Repayment of borrowings		–	–	(115,000)
CASH FLOW FROM FINANCING ACTIVITIES		618,012	(231,400)	(263,200)
NET INCREASE IN CASH AND CASH EQUIVALENTS				
		280,052	327,067	227,021
CASH AND CASH EQUIVALENTS, BEGINNING		844,754	517,687	290,666
CASH AND CASH EQUIVALENTS, ENDING		<u>1,124,806</u>	<u>844,754</u>	<u>517,687</u>
Additional cash flow information:				
Cash paid during the year for				
Interest		37,109	5,012	10,450
Income taxes		562,888	459,896	297,426