

Cash Flow Statement

(Prepared in accordance with International Financial Reporting Standards)

FOR THE YEAR ENDED 31ST DECEMBER, 2001

(Amounts expressed in thousands of Rmb)

	<i>Note</i>	The Company and its subsidiaries 2001	The Company 2000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		4,237,109	2,927,032
Adjustments to reconcile profit before taxation to net cash provided by operating activities:			
Depreciation		3,261,001	2,654,413
Cost of land use rights		14,359	12,536
Unrealized exchange gain		(1,429)	(2,709)
Amortization of other long-term assets		35,119	15,657
Provision for bad debts		1,030	4,588
Provision for inventory obsolescence		2,576	10,608
Loss on disposals of fixed assets		36,592	50,879
Interest income		(113,081)	(79,723)
Interest expenses		867,538	1,024,653
Gain from disposal of investments		(24,671)	—
Amortization of negative goodwill		(247,279)	—
Unrealized loss on put option of convertible notes	21	46,562	—
Unrealized loss on interest rate swaps		14,875	—
Share of loss of an associate		5,381	—
Decrease (increase) in assets:			
Accounts receivable		(28,510)	207,299
Materials and supplies		(62,063)	(30,928)
Other receivables and assets		20,228	(25,151)
Due from HIPDC		—	28,583
Other long-term assets		(15,519)	(86,952)
(Decrease) increase in liabilities:			
Accounts payable and accrued liabilities		(370,300)	(359,046)
Taxes payable		(57,289)	36,087
Due to HIPDC		(93,574)	130,158
Due to other related parties		(49,118)	—
Staff welfare and bonus payable		(199,973)	123,622
Interest paid		(715,846)	(649,193)
Income tax paid		(799,669)	(428,693)
Interest received		154,847	79,641
Net cash provided by operating activities		5,918,896	5,643,361

(To be Continued)

Cash Flow Statement (continued)

(Prepared in accordance with International Financial Reporting Standards)

FOR THE YEAR ENDED 31ST DECEMBER, 2001

	<i>Note</i>	The Company and its subsidiaries 2001	The Company 2000
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(2,870,858)	(351,966)
Proceeds from disposals of fixed assets		32,904	17,872
Decrease (increase) in other long-term assets		81,646	(1,050)
(Increase) decrease in temporary cash investments		(4,665,290)	955,619
Proceeds from disposal of investments		384,569	(60,000)
Repayment of payable to Nanjing Investment	<i>6(d)</i>	(141,641)	(100,000)
Expenditures for Shandong Huaneng acquisition	<i>2</i>	(21,561)	(10,096)
Prepayment of consideration for Shandong Huaneng acquisition	<i>2</i>	—	(5,767,898)
Net cash inflow from the acquisition of Shandong Huaneng	<i>32(b)</i>	2,635,695	—
Net cash used in investing activities		(4,564,536)	(5,317,519)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of short-term bank loans		1,300,000	1,511,000
Repayment of short-term bank loans		(2,560,000)	(261,000)
Repayment of long-term loans from shareholders		(208,538)	(737,270)
Drawdown of long-term bank loans		1,604,100	165,215
Repayment of long-term bank loans		(2,233,721)	(941,989)
Repayment of other long-term loans		(575,179)	(58,123)
Dividend paid		(1,266,317)	(508,500)
Net proceeds from issuance of Domestic Shares	<i>18</i>	2,770,058	—
Net cash used in financing activities		(1,169,597)	(830,667)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
		184,763	(504,825)
Cash and cash equivalents, beginning of year		1,988,373	2,493,198
CASH AND CASH EQUIVALENTS, END OF YEAR	<i>32(a)</i>	2,173,136	1,988,373

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