

Consolidated Cash Flow Statement

(Prepared in accordance with International Financial Reporting Standards)

FOR THE YEAR ENDED 31ST DECEMBER, 2002

(Amounts expressed in thousands of Rmb)

		For the year ended 31st December,	
	Note	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		5,057,892	4,237,109
Adjustments to reconcile profit before tax to net cash provided by operating activities:			
Depreciation		3,533,609	3,261,001
Amortization of prepaid land use rights		16,847	14,359
Amortization of goodwill and negative goodwill		(246,128)	(247,279)
Amortization of other long-term assets		24,112	19,600
Provision for bad debts		15,826	1,030
(Reversal of provision)/provision for inventory obsolescence		(945)	2,576
Gain from disposal of available-for-sale investments		(1,288)	(24,671)
Loss on disposals of fixed assets		31,980	36,592
Unrealised exchange gain		4,846	(1,429)
Unrealised loss on put option of convertible notes	22	—	46,562
Unrealised (gain)/loss on interest rate swaps		(2,179)	14,875
Share of loss of associates		11,145	5,381
Interest income		(83,015)	(113,081)
Interest expense		561,875	867,538
Changes in working capital:			
Restricted cash		(13,259)	—
Accounts receivable		(496,559)	(28,510)
Inventories		(39,272)	(62,063)
Other receivables and assets		92,579	20,228
Accounts payable and other liabilities		279,019	(370,300)
Taxes payable		44,070	(57,289)
Due to HIPDC		65,891	(93,574)
Due to other related parties		(3,225)	(49,118)
Staff welfare and bonus payable		(152,033)	(199,973)
Interest paid		(733,600)	(715,846)
Income tax paid		(984,047)	(799,669)
Interest received		95,577	154,847
Net cash provided by operating activities		7,079,718	5,918,896

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		For the year ended 31st December,	
	<i>Notes</i>	2002	2001
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,594,210)	(2,870,858)
Proceeds from disposals of fixed assets		41,567	32,904
Decrease in other long-term assets		3,412	81,646
Decrease (increase) in temporary cash investments		5,082,568	(4,665,290)
Proceeds from disposal of investments		2,390	384,569
Cash consideration paid for available-for-sale investment	13	(254,990)	—
Repayment of payable to Nanjing Investment		—	(141,641)
Cash consideration paid for the Acquisition of Four Power Plants	3(b)	(2,050,000)	—
Direct costs of the Acquisition of Four Power Plants paid	3(b)	(17,042)	—
Cash consideration paid for the acquisition of minority interest of the Jining Power Plant	3(c)	(109,435)	—
Cash consideration paid for the Acquisition of additional interest of three power plants	3(d)	(600,000)	—
Cash inflow from the acquired power plants		569,841	—
Net cash inflow from the Acquisition of Shandong Huaneng	3(a)	—	2,635,695
Expenditures for Shandong Huaneng acquisition	3(a)	—	(21,561)
Net cash provided by (used in) investing activities		1,074,101	(4,564,536)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of short-term loans		120,000	1,300,000
Repayment of short-term loans		(190,000)	(2,560,000)
Repayment of long-term loans from shareholders		(15,565)	(208,538)
Drawdown of long-term bank loans		173,379	1,604,100
Repayment of long-term bank loans		(2,954,748)	(2,233,721)
Repayment of other long-term loans		(283,683)	(575,179)
Dividend paid to shareholders of the Company		(1,800,000)	(1,266,317)
Dividend paid to minority shareholders of the subsidiaries		(138,947)	—
Redemption of convertible notes		(2,234,790)	—
Net proceeds from issuance of Domestic Shares	19	—	2,770,058
Net cash used in financing activities		(7,324,354)	(1,169,597)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, beginning of year		2,173,136	1,988,373
CASH AND CASH EQUIVALENTS, END OF YEAR	35(a)	3,002,601	2,173,136

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