

## CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTES	Year ended December 31,		
		2002 RMB'000	2001 RMB'000	2000 RMB'000
<b>OPERATING ACTIVITIES</b>				
Income before minority interest		1,225,064	970,945	748,360
Adjustments to reconcile income before minority interest to net cash from operating activities:				
Depreciation of property, plant and equipment and land use rights		851,119	819,638	514,203
Amortization of goodwill		777	777	777
Release of negative goodwill to income		(27,620)	(27,620)	–
Amortization of mining rights		6,624	6,624	–
Recognition of deferred tax asset		(1,386)	(2,260)	(8,315)
Loss on disposal of property, plant and equipment		1,093	5,811	11,601
Gain on disposal of investments in securities		(2,209)	–	–
(Increase) decrease in assets (net of acquisitions):				
Bills and accounts receivable		(104,091)	145,380	26,929
Inventories		(93,818)	(157,373)	47,547
Prepayments and other current assets		231,301	(282,451)	(259,693)
Taxes receivable		21,674	(21,674)	–
Increase (decrease) in liabilities (net of acquisitions):				
Bills and accounts payable		(56,492)	79,275	38,485
Other payables and accrued expenses		90,973	186,763	8,851
Provision for land subsidence, restoration, rehabilitation and environmental costs		(43,419)	(16,528)	(51,881)
Amounts due to Parent Company and its subsidiary companies		84,048	52,658	110,577
Taxes payable		56,074	(149,726)	(164,289)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b><u>2,239,712</u></b>	<b><u>1,610,239</u></b>	<b><u>1,023,152</u></b>
<b>INVESTING ACTIVITIES</b>				
Acquisition of Railway Assets	33	(1,282,445)	–	–
Purchase of property, plant and equipment		(842,471)	(677,936)	(477,421)
Acquisition of investments in securities		(88,702)	(51,757)	–
Deposit made on acquisition of investments in securities		(30,138)	–	–
Increase in restricted cash		(21,761)	(30,000)	–
Proceeds on disposal of investments in securities		52,206	–	–
Proceeds on disposal of property, plant and equipment		47,800	13,686	12,736
Acquisition of Jining III	34	–	(1,204,133)	–
Acquisition of Zhongyan	35	–	1,941	–
<b>NET CASH FLOW USED IN INVESTING ACTIVITIES</b>		<b><u>(2,165,511)</u></b>	<b><u>(1,948,199)</u></b>	<b><u>(464,685)</u></b>

## CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	NOTES	Year ended December 31,		
		2002 RMB'000	2001 RMB'000	2000 RMB'000
<b>FINANCING ACTIVITIES</b>				
Bank borrowings raised		1,600,000	–	–
Repayment to Parent Company and its subsidiary companies in respect of consideration for acquisition of Jining III	34	(567,242)	(601,452)	–
Dividend paid		(287,000)	(235,340)	(231,400)
Repayments of bank borrowings		(400,000)	–	–
Dividend paid to a minority shareholder of a subsidiary		(592)	–	–
Issues of shares, net of share issue expenses		–	1,454,804	–
<b>NET CASH FLOW FROM (USED IN) FINANCING ACTIVITIES</b>		<u>345,166</u>	<u>618,012</u>	<u>(231,400)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>419,367</b>	280,052	327,067
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>		<u>1,124,806</u>	<u>844,754</u>	<u>517,687</u>
<b>CASH AND CASH EQUIVALENTS, ENDING, REPRESENTED BY BANK BALANCES AND CASH</b>		<u><u>1,544,173</u></u>	<u><u>1,124,806</u></u>	<u><u>844,754</u></u>
Additional cash flow information:				
Cash paid during the year for:				
Interest		147,361	37,109	5,012
Income taxes		446,786	562,888	459,896