

Consolidated Cash Flow Statement

(Prepared in accordance with International Financial Reporting Standards)
FOR THE YEAR ENDED 31st DECEMBER, 2003
(Amounts expressed in thousands of Rmb)

	<i>Note</i>	For the year ended 31st December,	
		2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		6,763,743	5,057,892
Adjustments to reconcile profit before tax to net cash provided by operating activities:			
Depreciation		4,117,478	3,533,609
Amortization of prepaid land use rights		19,136	16,847
Amortization of goodwill and negative goodwill		(222,108)	(246,128)
Amortization of other long-term assets		41,566	24,112
Provision for bad debts		12,567	15,826
Reversal of provision for inventory obsolescence		(751)	(945)
Gain from disposal of investments		(10,705)	(1,288)
Loss on disposals of fixed assets		138,726	31,980
Unrealized exchange loss		1,094	4,846
Gain on interest rate swaps		(11,771)	(2,179)
Share of (profit)/loss of associates		(212,091)	11,145
Interest income		(53,044)	(83,015)
Interest expenses		569,148	561,875
Changes in working capital:			
Restricted cash		(146,702)	(13,259)
Accounts receivable		(353,637)	(496,559)
Due from other related parties		(5,862)	—
Inventories		159,419	(39,272)
Other receivables and assets		(65,900)	92,579
Accounts payable and other liabilities		226,584	279,019
Taxes payable		131,281	44,070
Due to HIPDC		(12,967)	65,891
Due to Huaneng Group		(13,968)	—
Due to other related parties		27,338	(3,225)
Staff welfare and bonus payable		(12,670)	(152,033)
Interest paid		(617,162)	(733,600)
Income tax paid		(989,635)	(984,047)
Interest received		54,182	95,577
Net cash provided by operating activities		9,533,289	7,079,718

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CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,606,704)	(1,594,210)
Proceeds from disposals of fixed assets		7,679	41,567
(Increase)/decrease in other long-term assets		(29,355)	3,412
Decrease in temporary cash investments		1,066,629	5,082,568
Proceeds from disposal of investments		80,704	2,390
Cash consideration paid for available-for-sale investment	13	—	(254,990)
Cash consideration paid for acquisitions	3	(2,940,000)	(2,759,435)
Direct costs paid for acquisitions	3	(19,618)	(17,042)
Cash inflow from the acquired power plants	3	215,585	569,841
Net cash (used in) provided by investing activities		(5,225,080)	1,074,101
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of short-term loans		769,000	120,000
Repayment of short-term loans		(450,000)	(190,000)
Repayment of long-term loans from shareholders		(388,988)	(15,565)
Drawdown of long-term bank loans		1,016,230	173,379
Repayment of long-term bank loans		(2,322,348)	(2,954,748)
Drawdown of other long-term bank loans		350,000	—
Repayment of other long-term loans		(36,060)	(283,683)
Capital injection from minority shareholders of the subsidiaries		77,632	—
Dividend paid to shareholders of the Company		(2,049,408)	(1,800,000)
Dividend paid to minority shareholders of the subsidiaries		(148,220)	(138,947)
Redemption of convertible notes		—	(2,234,790)
Net cash used in financing activities		(3,182,162)	(7,324,354)
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,126,047	829,465
Cash and cash equivalents, beginning of year		3,002,601	2,173,136
CASH AND CASH EQUIVALENTS, END OF YEAR	<i>35(a)</i>	4,128,648	3,002,601

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