

Consolidated Statement of Cash Flows

	NOTES	Year ended December 31,		
		2003 RMB'000	2002 RMB'000	2001 RMB'000
OPERATING ACTIVITIES				
Income before minority interest		1,387,208	1,225,064	970,945
Adjustments to reconcile income before minority interest to net cash from operating activities:				
Depreciation of property, plant and equipment and land use rights		933,827	851,119	819,638
Amortization of goodwill		9,657	777	777
Release of negative goodwill to income		(27,620)	(27,620)	(27,620)
Amortization of mining rights		6,624	6,624	6,624
Recognition of deferred tax asset		(65)	(1,386)	(2,260)
(Gain) loss on disposal of property, plant and equipment		(6,872)	1,093	5,811
Gain on disposal of investments in securities		(1,424)	(2,209)	–
(Increase) decrease in assets (net of acquisitions):				
Bills and accounts receivable		(435,760)	(104,091)	145,380
Inventories		93,153	(93,818)	(157,373)
Prepayments and other current assets		233,821	231,301	(282,451)
Taxes receivable		–	21,674	(21,674)
Increase (decrease) in liabilities (net of acquisitions):				
Bills and accounts payable		(175,117)	(56,492)	79,275
Other payables and accrued expenses		569,651	90,973	186,763
Provision for land subsidence, restoration, rehabilitation and environmental costs		(2,194)	(43,419)	(16,528)
Amounts due to Parent Company and its subsidiary companies		58,794	84,048	52,658
Taxes payable		57,553	56,074	(149,726)
NET CASH FROM OPERATING ACTIVITIES		2,701,236	2,239,712	1,610,239

Year ended December 31,				
	2003	2002	2001	
NOTES	RMB'000	RMB'000	RMB'000	
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(1,317,856)	(842,471)	(677,936)	
Increase in other loan receivable	(100,000)	–	–	
Acquisition of Railway Assets	35 (40,000)	(1,282,445)	–	
Acquisition of Yanmei Shipping	34 (11,186)	–	–	
Proceeds on disposal of investments in securities	90,126	52,206	–	
Proceeds on disposal of property, plant and equipment	34,399	47,800	13,686	
Decrease (increase) in restricted cash	34,240	(21,761)	(30,000)	
Acquisition of investments in securities	–	(88,702)	(51,757)	
Deposit made on acquisition of investments in securities	–	(30,138)	–	
Acquisition of Jining III	36 –	–	(1,204,133)	
Acquisition of Zhongyan	37 –	–	1,941	
NET CASH FLOW USED IN INVESTING ACTIVITIES	(1,310,277)	(2,165,511)	(1,948,199)	
FINANCING ACTIVITIES				
Repayments of bank borrowings	(600,000)	(400,000)	–	
Dividend paid	(298,480)	(287,000)	(235,340)	
Repayment to Parent Company and its subsidiary companies in respect of consideration for acquisition of Jining III	(11,115)	(567,242)	(601,452)	
Dividend paid to a minority shareholder of a subsidiary	(1,765)	(592)	–	
Bank borrowings raised	–	1,600,000	–	
Issues of shares, net of share issue expenses	–	–	1,454,804	
NET CASH FLOW (USED IN) FROM FINANCING ACTIVITIES	(911,360)	345,166	618,012	
NET INCREASE IN CASH AND CASH EQUIVALENTS	479,599	419,367	280,052	
CASH AND CASH EQUIVALENTS, BEGINNING	1,544,173	1,124,806	844,754	
CASH AND CASH EQUIVALENTS, ENDING, REPRESENTED BY BANK BALANCES AND CASH	2,023,772	1,544,173	1,124,806	
Additional cash flow information:				
Cash paid during the year for				
Interest	56,838	147,361	37,109	
Income taxes	530,222	446,786	562,888	