

Consolidated Statement of Cash Flows

For the year ended 31st December 2005

(Prepared in accordance with International Financial Reporting Standards)

(Amounts expressed in thousands of RMB)

	Note	For the year ended 31st December	
		2005	2004 Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		6,592,208	6,529,663
Adjustments to reconcile profit before tax to net cash provided by operating activities:			
Depreciation		6,172,866	4,706,992
Impairment loss on property, plant and equipment		30,080	—
Amortization of land use rights		36,429	28,074
Amortization of goodwill and negative goodwill		—	(205,277)
Amortization of other non-current assets		54,555	39,731
Provision for / (Reversal of) doubtful accounts		49,869	(10,654)
Provision for inventory obsolescence		31,724	1,521
Investment income, net		(60,872)	(20,554)
Loss / (Gain) on disposals / write-off of property, plant and equipment, net		145,762	(29,176)
Unrealized exchange (gain) / losses, net		(294,281)	89,913
Gain on interest rate swaps		—	(925)
Share of profit of associates		(644,376)	(312,037)
Interest income		(53,685)	(43,092)
Interest expenses		1,426,609	663,424
Changes in working capital:			
Inventories, net		(831,622)	(414,275)
Other receivables and assets, net		265,320	(206,873)
Accounts receivable, net		(596,517)	(742,005)
Due from HIPDC		(21,847)	—
Due from other related parties		14,970	(9,108)
Restricted cash		1,412	(23,108)
Other non-current liabilities		91,188	13,000
Accounts payable and other liabilities		574,654	243,524
Taxes payable		(69,569)	3,796
Due to Huaneng Group		6,128	—
Due to HIPDC		(1,205,569)	(53,263)
Due to an associate		(3,799)	3,799
Due to other related parties		20,183	(17,711)
Staff welfare and bonus payable		(23,653)	(17,728)
Interest paid		(1,965,094)	(974,879)
Interest received		52,475	43,895
Income tax paid		(1,114,698)	(1,123,966)
Net cash provided by operating activities		8,680,850	8,162,701

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CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(13,842,293)	(9,877,553)
Proceeds from disposals of property, plant and equipment, net		32,098	27,768
Prepayments of land use rights		(99,745)	(154,754)
Decrease / (Increase) in other non-current assets		15,766	(3,680)
Decrease in temporary cash investments		9,989	132,355
Proceeds from disposals of investments		—	548
Cash dividend received		429,589	172,542
Cash consideration paid for acquisitions	5	(2,528,300)	(4,575,000)
Direct transaction costs paid for acquisitions	5	(16,698)	(31,685)
Cash from the power plants acquisitions	5	566,704	659,174
Proceeds from disposal of Huaneng Nanjing Ranji Power Generation Limited Liability Company ("Nanjing Ranji")	8(b)	30,000	—
Cash outflow on disposal of Nanjing Ranji		(10,479)	—
Net cash used in investing activities		(15,413,369)	(13,650,285)
CASH FLOWS FROM FINANCING ACTIVITIES			
Bonds issuance expense paid		(22,500)	—
Drawdown of short-term bonds		4,862,200	—
Drawdown of short-term loans		11,657,569	8,724,000
Repayments of short-term loans		(13,670,000)	(2,940,313)
Drawdown of long-term loans from a shareholder		2,000,000	800,000
Repayments of long-term loans from shareholders		—	(1,504,827)
Drawdown of long-term bank loans		8,297,018	4,944,000
Repayments of long-term bank loans		(2,933,870)	(3,192,843)
Drawdown of other long-term loans		—	—
Repayments of other long-term loans		(351,118)	(679,062)
Capital injection from minority shareholders of the subsidiaries		585,702	677,034
Dividends paid to shareholders of the Company		(3,022,096)	(3,005,586)
Dividends paid to minority shareholders of the subsidiaries		(318,252)	(167,125)
Redemption of convertible notes		—	(811)
Net cash provided by financing activities		7,084,653	3,654,467
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		352,134	(1,833,117)
Cash and cash equivalents as at beginning of the year		2,295,531	4,128,648
CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR	34(a)	2,647,665	2,295,531

The notes on pages 104 to 178 are an integral part of these financial statements.