

Consolidated Statement of Cash Flows

	NOTES	Year ended December 31,		
		2006 RMB'000	2005 RMB'000	2004 RMB'000
OPERATING ACTIVITIES				
Profit before income taxes		3,726,624	4,419,973	4,673,332
Adjustments for:				
Finance costs		26,349	24,611	35,942
Interest income		(94,372)	(91,715)	(92,711)
Dividend income		(6,311)	(4,465)	(4,465)
Depreciation of property, plant and equipment		1,061,976	952,096	958,667
Amortization of prepaid lease payments		13,826	13,171	13,194
Amortization of prepayment for resources compensation fees		320	–	–
Amortization of goodwill		–	–	15,773
Release of negative goodwill to income		–	–	(27,620)
Amortization of mining rights		12,069	6,624	6,624
(Reversal of) impairment loss on accounts receivable and other receivables		(19,717)	–	49,104
Loss on disposal of property, plant and equipment		73,531	527	104,597
Operating cash flows before movements in working capital		4,794,295	5,320,822	5,732,437
Decrease (increase) in bills and accounts receivable		40,527	(1,001,048)	(10,437)
Decrease (increase) in inventories		(66,199)	59,989	27,129
Increase in prepayment for land subsidence, restoration, rehabilitation and environmental cost		(55,401)	(53,377)	–
Decrease (increase) in prepayments and other current assets		(10,805)	(17,261)	324,273
Decrease (increase) in amounts due from Parent Company and its subsidiary companies		–	213,871	(213,871)
Increase in prepaid lease payments		(1,944)	(14,691)	–
Increase in bills and accounts payable		235,899	19,379	50,673
Increase (decrease) in other payables and accrued expenses		64,281	157,421	(15,118)
Decrease in provision for land subsidence, restoration, rehabilitation and environmental costs		–	–	(178,361)
Increase (decrease) in amounts due to Parent Company and its subsidiary companies		471,464	479,067	(368,939)
Cash generated from operations		5,472,117	5,164,172	5,347,786
Income taxes paid		(1,782,465)	(1,296,879)	(992,424)
Interest paid		(23,179)	(24,199)	(34,157)
Interest income received		94,372	91,715	92,711
Dividend income received		6,311	4,465	4,465
NET CASH FROM OPERATING ACTIVITIES		3,767,156	3,939,274	4,418,381

Consolidated Statement of Cash Flows (Cont'd)

	NOTES	Year ended December 31,		
		2006 RMB'000	2005 RMB'000	2004 RMB'000
INVESTING ACTIVITIES				
Decrease (increase) in term deposits		131,804	(1,326,335)	–
Purchase of property, plant and equipment		(3,137,145)	(1,315,431)	(743,022)
Decrease (increase) in other loans receivable		–	210,000	(750,000)
Increase in restricted cash		(50,529)	(5,325)	(44,210)
Proceeds on disposal of property, plant and equipment		14,165	4,378	17,009
Acquisition of Shanxi Group	35	(444,204)	–	–
Acquisition of Heze	36	–	170,247	(574,000)
Acquisition of Southland	37	(18,544)	–	(136,302)
Deposit made on investment		(97,426)	–	–
Acquisition of mining rights in Southland		(23,644)	–	–
Acquisition of Railway Assets		–	–	(40,000)
Acquisition of investment in securities		–	–	(30,283)
NET CASH FLOW USED IN INVESTING ACTIVITIES		(3,625,523)	(2,262,466)	(2,300,808)
FINANCING ACTIVITIES				
Dividend paid		(1,082,048)	(799,240)	(470,680)
Repayments of bank borrowings		(200,000)	(200,000)	(200,000)
Repayment to Parent Company and its subsidiary companies in respect of consideration for acquisition of Jining III		(9,230)	(9,802)	(10,483)
Dividend paid to a minority shareholder of a subsidiary		(271)	(237)	(319)
Issues of shares, net of share issue expenses		–	–	1,756,875
NET CASH FLOW (USED IN) FROM FINANCING ACTIVITIES		(1,291,549)	(1,009,279)	1,075,393
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(1,149,916)	667,529	3,192,966
CASH AND CASH EQUIVALENTS, AT JANUARY 1		5,885,581	5,216,738	2,023,772
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(19,720)	1,314	–
CASH AND CASH EQUIVALENTS, DECEMBER 31, REPRESENTED BY BANK BALANCES AND CASH		4,715,945	5,885,581	5,216,738