

CASH FLOW STATEMENT

For the year ended 31st December 2004

Chongqing Iron & Steel Company Limited

	Note	2004 Rmb'000	2003 Rmb'000
OPERATING ACTIVITIES			
Cash received from customers		10,251,989	7,079,263
Cash paid to suppliers		(7,975,296)	(4,415,949)
Cash paid to and on behalf of employees		(565,125)	(462,461)
Value-added tax paid		(531,313)	(445,515)
Other cash payments		(578,621)	(456,819)
NET CASH INFLOW GENERATED FROM OPERATIONS	22(a)	601,634	1,298,519
Interest paid		(90,727)	(75,015)
Income tax paid		(2,076)	(1,538)
NET CASH INFLOW FROM OPERATING ACTIVITIES		508,831	1,221,966
INVESTING ACTIVITIES			
Purchase of fixed assets		(1,012,539)	(572,372)
Proceeds from disposal of fixed assets		10,251	11,243
Increase in bank deposits with maturity over 3 months		(165,530)	—
Acquisition of assets and liabilities of a subsidiary and disposal of the subsidiary		—	(63,798)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(1,167,818)	(624,927)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(658,987)	597,039

CASH FLOW STATEMENT (CONTINUED)

For the year ended 31st December 2004

Chongqing Iron & Steel Company Limited

	Note	2004 Rmb'000	2003 Rmb'000
FINANCING ACTIVITIES			
New bank loans	22(b)	932,195	1,312,800
Repayment of bank loans	22(b)	(619,150)	(868,800)
Repayment of amount due to Holding Company	22(b)	—	(18,646)
Withdrawal of pledged bank deposit	22(b)	—	3,000
Interest received		8,450	7,443
Dividends paid		(212,789)	(85,116)
Cash donation received from a fellow subsidiary		—	5,807
NET CASH INFLOW FROM FINANCING		108,706	356,488
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(550,281)	953,527
CASH AND CASH EQUIVALENTS AT 1ST JANUARY		1,346,583	393,056
CASH AND CASH EQUIVALENTS AT 31ST DECEMBER		796,302	1,346,583