

# Consolidated Cash Flow Statement

For the year ended 31 December 2002 (Expressed in Renminbi)

Notes	2002 RMB'000	2001 RMB'000
<b>Operating activities</b>		
Profit from ordinary activities before taxation	<b>86,823</b>	54,921
Adjustments for:		
– Depreciation	<b>23,793</b>	21,451
– Amortisation of negative goodwill	<b>(552)</b>	(432)
– Amortisation of intangible asset	–	1,900
– Finance costs	<b>25,377</b>	18,698
– Interest income	<b>(7,137)</b>	(3,180)
– Share of (profits)/losses of associates	<b>(8,926)</b>	61
– Loss on disposal of fixed assets	<b>100</b>	270
– Profit on disposal of subsidiaries	–	(18,404)
– Warrant reserve realised	<b>(5,260)</b>	–
<b>Operating profit before changes in working capital</b>	<b>114,218</b>	75,285
Decrease in inventories	<b>202</b>	306
Decrease/(increase) in trade and other receivables	<b>36,916</b>	(129,584)
Decrease in amounts due from related companies	–	302
Increase in amount due from associate	<b>(10,005)</b>	(3,000)
Decrease in amounts due to minority shareholders	<b>(16,552)</b>	(3,885)
Increase in amount due from minority shareholder	<b>(4,273)</b>	–
Decrease in trade and other payables	<b>(43,451)</b>	(43,370)
<b>Cash generated from/(used in) operations</b>	<b>77,055</b>	(103,946)
Tax paid		
– PRC income tax paid	<b>(2,346)</b>	(4,019)
<b>Net cash generated from/(used in) operating activities</b>	<b>74,709</b>	(107,965)

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	Notes	2002 RMB'000	2001 RMB'000
<b>Investing activities</b>			
Withdrawal/(placement) of pledged bank deposits		13,873	(67,435)
Payment for purchase of fixed assets		(479)	(4,059)
Proceeds from sales of fixed assets		33	19
Payment for purchase of construction in progress		(39,568)	(23,859)
New loans to associate		(26,054)	-
Net cash (outflow)/inflow from purchase of subsidiaries	29(a)	(58,608)	4,412
Net cash inflow from sale of subsidiaries	29(b)	32,531	51,450
Payment for purchase of associates		(50,602)	(56,216)
Interest received		7,137	3,180
<b>Net cash used in investing activities</b>		<b>(121,737)</b>	<b>(92,508)</b>
<b>Financing activities</b>			
Proceeds from issue of share capital		4,452	113,473
Share issue expenses		(37)	(537)
Proceeds from issue of warrants		-	5,809
Warrants issue expenses		-	(549)
Capital contribution from minority shareholders		-	6,000
Loans from ultimate holding company		-	26,671
Repayment of loans from ultimate holding company		(26,671)	-
Other new loan		-	74,103
Proceeds from new bank loans		336,800	50,000
Repayment of bank loans		(256,800)	(52,000)
Interest paid		(25,377)	(22,810)
<b>Net cash generated from financing activities</b>		<b>32,367</b>	<b>200,160</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(14,661)</b>	<b>(313)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>17,596</b>	<b>17,909</b>
<b>Cash and cash equivalents at 31 December</b>	20	<b>2,935</b>	<b>17,596</b>

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## MAJOR NON CASH TRANSACTION

During the year, the Company issued 44,083,936 new shares at HK\$1.07 each as part of the consideration for the purchase of 49% equity interest in Sky Global Limited. Further details are set out in note 16.

The notes on pages 32 to 71 form part of these financial statements.