

## CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2000  
(Prepared under PRC Accounting Regulations)

	Group 2000 Rmb'000	Company 2000 Rmb'000
<b>Cash flows from operating activities</b>		
Cash received from sale of goods or rendering of services	4,361,207	—
Rental income received	4,890	4,341
Tax refund received	1,410	—
Proceeds from sale of certain assets at gross value	305,249	56,180
Other cash received relating to operating activities	75,404	103,831
Sub-total of cash inflows	4,748,160	164,352
Cash paid for goods and services	(2,994,818)	(63)
Cash paid for operating leases	(400)	—
Cash paid to and on behalf of employees	(420,545)	(4,829)
Value added tax paid	(195,873)	—
Income tax paid	(112)	—
Taxes paid other than value added tax and income tax	(33,297)	(220)
Other cash paid relating to operating activities	(47,651)	(12,050)
Sub-total of cash outflows	(3,692,696)	(17,162)
Net cash flows from operating activities	1,055,464	147,190
<b>Cash flows from investing activities</b>		
Cash received from sale of investments	4,472	10,110
Cash received from distributions of dividends or profits	2,636	—
Cash received from disposal of fixed assets, intangible assets and other long-term assets	14,970	121
Other cash received relating to investing activities	7,529	680
Sub-total of cash inflows	29,607	10,911
Cash paid to acquire fixed assets, intangible assets and other long-term assets	(400,644)	(13)
Net cash outflow arising from the Business and Asset Exchange	(448,331)	(19,013)
Sub-total of cash outflows	(848,975)	(19,026)
Net cash flows from investing activities	(819,368)	(8,115)

	<b>Group</b>	<b>Company</b>
	<b>2000</b>	<b>2000</b>
	<b>Rmb'000</b>	<b>Rmb'000</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	578,608	181,000
Sub-total of cash inflows	578,608	181,000
Cash repayments of amounts borrowed	(670,665)	(257,948)
Cash payments for distribution of dividends or profits	—	(1)
Cash payments of interest expenses	(292,654)	(16,129)
Sub-total of cash outflows	(963,319)	(274,078)
Net cash flows from financing activities	(384,711)	(93,078)
Effect of foreign exchange rate changes on cash	334	210
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(148,281)</b>	<b>46,207</b>

**Supplementary Information**

	<b>Group</b>	<b>Company</b>
	<b>2000</b>	<b>2000</b>
	<b>Rmb'000</b>	<b>Rmb'000</b>
<b>(i) Reconciliation of net profit to cash flows from operating activities</b>		
Net profit	168,604	91,534
Add/(less):		
Provision for bad debts or bad debts written off	43,606	27,735
Increase in provision for inventories	1,230	—
Depreciation of fixed assets	305,307	3,045
Amortisation of intangible assets	4,237	1,088
Loss on disposal of fixed assets, intangible assets and other long-term assets	2,713	18
Financial expenses	218,407	11,377
Gain arising from investments	(2,353)	(110,497)
Reversal of provisions against certain assets (note 14)	(254,140)	(25,126)
Proceeds from sale of certain assets at gross value (note 14)	305,249	56,180
Increase in inventories	(56,326)	—
Decrease in operating receivables	127,486	23,201
Increase in operating payables	191,444	68,635
<b>Net cash flows from operating activities</b>	<b>1,055,464</b>	<b>147,190</b>

**Supplementary Information**

	<b>Group</b>	<b>Company</b>
	<b>2000</b>	<b>2000</b>
	<b>Rmb'000</b>	<b>Rmb'000</b>
<b>(ii) Net cash outflow arising from the Business and Asset Exchange and cash flows of the New Business attributable to the Group</b>		
Cash consideration for the Business and Asset Exchange	—	—
Bank balances and cash transferred to TMICL (note 2)	<b>(501,236)</b>	<b>(71,918)</b>
Bank balances and cash acquired (note 2)	<b>52,905</b>	<b>52,905</b>
<b>Net cash outflow arising from the Business and Asset Exchange</b>	<b>(448,331)</b>	<b>(19,013)</b>
<p>The New Business acquired during the year contributed Rmb 938,000 to the Group's net operating cash inflow, received Rmb 9,000 in respect of the net returns on investments and servicing of finance, and paid Rmb 2,013,000 for investing activities.</p>		
<b>(iii) Net (decrease)/increase in cash and cash equivalents</b>		
Cash at end of the year	<b>51,839</b>	<b>51,839</b>
Less: Cash at beginning of the year	<b>(200,120)</b>	<b>(5,632)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(148,281)</b>	<b>46,207</b>

The accompanying notes from pages 57 to page 90 form an integral part of these accounts.

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