

**CONSOLIDATED CASH FLOW STATEMENT**

(Prepared in accordance with Generally Accepted Accounting Principles in Hong Kong)

For the year ended 31st December, 2000 (Expressed in thousands of RMB)

	<u>2000</u>	<u>1999</u> (Note 28)
<b>Net cash inflow from operating activities (a)</b>	<b><u>336,171</u></b>	<b><u>377,938</u></b>
<b>Returns on investments and servicing of finance</b>		
Interest received	17,431	12,222
Interest paid	(130,672)	(63,568)
Dividends paid	<u>(90,000)</u>	<u>—</u>
Net cash outflow from returns on investments and servicing of finance	<u>(203,241)</u>	<u>(51,346)</u>
<b>Taxation</b>		
Profits tax paid	<u>(48,843)</u>	<u>(43,060)</u>
<b>Investing activities</b>		
Additions of fixed assets and construction-in-progress	(649,725)	(435,228)
Proceeds from disposal of fixed assets	2,309	9,110
Additions of other long-term assets	(1,847)	(137)
Net cash outflow from acquisitions of subsidiaries (b)	(203,908)	(146,447)
Net cash outflow from acquisitions of additional interest in a subsidiary	—	(4,976)
Additions of long-term investments	(3,200)	(198)
Decrease in advances/loans to associated companies	—	(27,319)
Decrease in non-cash equivalents bank deposits	<u>(177,497)</u>	<u>251,971</u>
Net cash outflow from investing activities	<u>(1,033,868)</u>	<u>(353,224)</u>
Net cash outflow before financing activities	<u>(949,781)</u>	<u>(69,692)</u>
<b>Financing activities</b>		
Additions of short-term loans (c)	2,243,609	1,535,605
Repayment of loans (c)	(1,303,202)	(1,242,333)
Capital contributions from minority shareholders	<u>15,785</u>	<u>15,899</u>
Net cash inflow from financing activities	<u>956,192</u>	<u>309,171</u>
Increase in cash and cash equivalents	6,411	239,479
Cash and cash equivalents, beginning of year	<u>492,601</u>	<u>253,122</u>
<b>Cash and cash equivalents, end of year</b>	<b><u>499,012</u></b>	<b><u>492,601</u></b>

**CONSOLIDATED CASH FLOW STATEMENT (Cont'd)**

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For the year ended 31st December, 2000 (Expressed in thousands of RMB)

**(a) Reconciliation of profit before taxation to net cash inflow from operating activities**

	<u>2000</u>	<u>1999</u> (Note 28)
Profit before taxation	113,668	72,793
Interest income	(17,431)	(9,844)
Interest expenses	114,004	58,395
Amortisation of bond premium	832	832
Exchange (gain) loss, net	(3,405)	4,567
Depreciation of fixed assets	264,597	176,922
Loss on disposal of fixed assets	7,985	6,985
Provision for and write-off of doubtful debts, net	63,629	35,259
Net realisable value provision for inventories	1,393	2,670
Amortisation of goodwill	271	—
Amortisation of low-value consumables	33,852	23,543
Amortisation of intangible assets	5,319	3,431
Share of (profit) loss of an associated company	(704)	1,195
Decrease (Increase) in current assets:		
Bills receivable	(11,024)	1,939
Accounts receivable	67,772	24,244
Deposits, prepayments and other receivables	(82,244)	54,017
Subsidies receivable	(10,925)	1,427
Inventories	(294,502)	(58,053)
Amount due from a minority shareholder of a subsidiary	870	(2,152)
Increase (Decrease) in current liabilities:		
Accounts payable	(23,767)	(34,584)
Bills payable	38,587	25,823
Advances from customers	12,390	21,046
Accruals	(4,881)	(7,034)
Other payables and other current liabilities	59,885	(25,483)
Net cash inflow from operating activities	<u>336,171</u>	<u>377,938</u>

**CONSOLIDATED CASH FLOW STATEMENT (Cont'd)**

(Prepared in accordance with Generally Accepted Accounting Principles in Hong Kong)

For the year ended 31st December, 2000 (Expressed in thousands of RMB )

**(b) Impact of acquisitions of subsidiaries**

	<u>2000</u>	<u>1999</u>
Acquired net assets comprised:		
Fixed assets	848,936	427,680
Construction-in-progress	55,381	468,669
Intangible assets and other long-term assets	11,203	4,659
Long-term investments	5,257	1,432
Cash and bank deposits	22,273	17,354
Other current assets	68,539	57,914
Current liabilities	(340,951)	(378,345)
Long-term liabilities	(45,723)	(27,675)
Minority interests	(139,081)	(188,996)
	<u>485,834</u>	<u>382,692</u>
Goodwill	<u>3,518</u>	<u>213</u>
	<u>489,352</u>	<u>382,905</u>
Satisfied by:		
Cash	226,181	163,801
Assumption of short-term loans	32,668	—
Assumption of long-term loans	12,931	61,894
Acquisition considerations payable	187,953	—
Accounts receivable exchanged (Note 14(ix))	29,619	—
Previous investments in an associated company	—	157,210
	<u>489,352</u>	<u>382,905</u>
Net outflow of cash and cash equivalents from acquisitions of subsidiaries:		
Cash paid	226,181	163,801
Cash and bank deposits acquired	(22,273)	(17,354)
Net outflow of cash and cash equivalents	<u>203,908</u>	<u>146,447</u>

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For the year ended 31st December, 2000 (Expressed in thousands of RMB)

**(c) Analysis of changes in financing during the year**

	Share capital and share premium	Bank and other loans		Total
		Short-term	Long-term	
As at 31st December, 1998	2,136,097	879,832	247,419	3,263,348
Additions of short-term loans	—	1,535,605	—	1,535,605
Repayment of loans	—	(1,175,591)	(66,742)	(1,242,333)
Increase in short-term loans resulting from acquisitions of subsidiaries	—	229,895	—	229,895
Increase in long-term loans resulting from acquisitions of subsidiaries	—	—	24,377	24,377
Assumption of long-term loans resulting from acquisitions of subsidiaries	—	—	61,894	61,894
Exchange differences	—	—	4,544	4,544
As at 31st December, 1999	2,136,097	1,469,741	271,492	3,877,330
Additions of short-term loans	—	1,775,967	—	1,775,967
Additions of long-term loans	—	—	467,642	467,642
Repayment of loans	—	(1,303,202)	—	(1,303,202)
Increase in short-term loans resulting from acquisitions of subsidiaries	—	84,073	—	84,073
Increase in long-term loans resulting from acquisitions of subsidiaries	—	—	45,723	45,723
Assumption of short-term loans resulting from acquisitions of subsidiaries	—	32,668	—	32,668
Assumption of long-term loans resulting from acquisitions of subsidiaries	—	—	12,931	12,931
Exchange differences	—	—	(3,396)	(3,396)
As at 31st December, 2000	2,136,097	2,059,247	794,392	4,989,736