

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2001 (Expressed in Renminbi)

(a) Reconciliation of profit from operations to net cash outflow from operating activities

	2001 RMB'000	2000 RMB'000
Profit from operations	55,276	8,418
Interest income	(3,180)	(697)
Amortisation of intangible asset	1,900	1,900
Amortisation of negative goodwill	(432)	–
Depreciation	21,451	5,473
Loss on disposal of fixed assets	270	126
Decrease/(increase) in inventories	306	(4,215)
Increase in trade and other receivables	(129,584)	(59,678)
Decrease in amounts due from related companies	302	3,909
Increase in amount due from an associate	(3,000)	–
(Decrease)/increase in amounts due to related companies	(3,885)	4,604
Decrease in trade and other payables	(43,370)	(7,438)
Net cash outflow from operating activities	(103,946)	(47,598)

(b) Purchase of subsidiaries

	RMB'000
<i>Net assets acquired:</i>	
Fixed assets	287,566
Construction in progress	141,483
Inventories	498
Trade and other receivables	17,944
Cash and cash equivalents	51,958
Short term bank loans	(160,000)
Long term bank loans	(220,000)
Trade and other payables	(49,152)
Minority interests	(14,062)
	<u>56,235</u>
Negative goodwill arising on consolidation	<u>(8,689)</u>
Consideration including disposal expenses of RMB1,685,000 satisfied by:	
Cash paid	<u>47,546</u>

Subsidiaries acquired during the year contributed RMB47,963,000 to the Group's net operating cash flows, paid RMB20,784,000 in respect of the net returns on investments and servicing of finance, utilised RMB70,601,000 for investing activities and generated RMB31,586,000 from financing activities.

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For the year ended 31 December 2001 (Expressed in Renminbi)

(c) Analysis of net inflow of cash and cash equivalents in respect of the purchase of subsidiaries

	RMB'000
Cash and cash equivalents acquired	51,958
Cash consideration	<u>(47,546)</u>
Net inflow of cash and cash equivalents in respect of the purchase of subsidiaries	<u><u>4,412</u></u>

(d) Disposal of subsidiaries

	RMB'000
Net assets disposed of:	
Fixed assets	39,755
Inventories	12,763
Intangible asset	33,250
Deferred tax asset	3,198
Trade and other receivables	122,129
Cash and cash equivalents	1,402
Short term bank loan	(30,000)
Trade and other payables	(23,798)
Tax payable	(11,017)
Minority interests	<u>(6,600)</u>
	141,082
Profit on disposal	<u>18,404</u>
Disposal proceeds net of expenses	159,486
Set off against loan payable (<i>note (e)</i>)	(74,103)
Consideration receivable (<i>note 19(v)</i>)	(32,531)
Cash and cash equivalents of subsidiaries disposed of	<u>(1,402)</u>
Net cash inflow from disposal of subsidiaries	<u><u>51,450</u></u>

Subsidiaries disposed of during the year utilised RMB8,598,000 the Group's net operating cash flows, paid RMB1,890,000 in respect of the net returns on investments and servicing of finance and utilised RMB200,000 for investing activities.

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For the year ended 31 December 2001 (Expressed in Renminbi)

(e) Analysis of changes in financing during the year

	Bank loans	Other loans	Minority interests	Share capital (including share premium)	Warrant reserve
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2000	10,832	–	5,962	214	–
Cash flows from financing	19,168	–	90	41,194	–
Minority interests for the year	–	–	842	–	–
At 31 December 2000	30,000	–	6,894	41,408	–
At 1 January 2001	30,000	–	6,894	41,408	–
Cash flows from financing	(2,000)	100,774	6,000	112,936	5,260
Increase in bank loans arising from purchase of subsidiaries	380,000	–	–	–	–
Reduction arising from disposal of subsidiaries	(30,000)	–	(6,600)	–	–
Set off against consideration from disposal of subsidiaries (note (d))	–	(74,103)	–	–	–
Increase in minority interests arising from purchase of subsidiaries	–	–	14,062	–	–
Minority interests for the year	–	–	11,193	–	–
At 31 December 2001	378,000	26,671	31,549	154,344	5,260

(f) Analysis of the balances of cash and cash equivalents

	2001 RMB'000	2000 RMB'000
Deposits with banks maturing within three months from placement	23,156	5,538
Cash at bank and in hand	17,503	15,539
Bank overdrafts repayable within three months from the date of the advance	–	(3,168)
	40,659	17,909