

## Consolidated Cash Flow Statement

For the Year Ended 31 December 2002

	Note	2002 RMB'000	2001 RMB'000
<b>(LOSS)/PROFIT FROM ORDINARY ACTIVITIES</b>		<b>(173,040)</b>	167,368
<b>BEFORE TAXATION ADJUSTMENTS FOR:</b>			
Depreciation		49,024	41,905
Loss on disposal of property, plant and equipment		52	13
Gain on disposal of discontinued operations		—	(23,710)
Impairment loss of goodwill		—	2,403
Prepayments for property, plant and equipment written off		106,113	—
Impairment loss of construction-in-progress		87,845	—
Provision for bad debts		119,425	—
Interest income		(382)	(134)
Interest expenses		28,350	25,200
		<b>390,427</b>	45,677
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>217,387</b>	213,045
Increase in inventories		(28,611)	(8,855)
Increase in accounts receivable		(3,359)	(30,629)
(Increase)/decrease in prepayments and other assets		(48,445)	3,569
Increase/(decrease) in accounts payable, prepayments from customers and other liabilities		83,724	(21,653)
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>220,696</b>	155,477
Interest received		150	134
Interest paid		(22,854)	(21,747)
Overseas tax paid		(25,225)	(27,022)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>172,767</b>	106,842
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(93,020)	(30,909)
Prepayments for property, plant and equipment		(117,558)	(132,210)
Increase in pledged bank deposits		(96,679)	(1,840)
Increase in construction-in-progress		(79,197)	(91,444)
Disposal of a subsidiary (net of cash and cash equivalents)	34	—	(19,151)
Proceeds from disposals of property, plant and equipment		4	—
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>		<b>(386,450)</b>	(275,554)
<b>NET CASH OUTFLOW BEFORE FINANCING</b>		<b>(213,683)</b>	(168,712)

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For the Year Ended 31 December 2002

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<b>NET CASH OUTFLOW BEFORE FINANCING</b>		<b>(213,683)</b>	(168,712)
<b>FINANCING</b>			
Capital injection from a minority shareholder		<b>31,160</b>	—
Advance to a minority shareholder		<b>(29,113)</b>	—
Advance to related companies		<b>(196)</b>	(3)
Inception of finance leases		<b>660</b>	—
Capital element of finance leases rental payments		<b>(581)</b>	(555)
Bills payable		<b>80,000</b>	14,800
Repayment of bills payable		<b>(1,800)</b>	—
Bank loans raised		<b>158,750</b>	161,399
Repayment of bank loans		<b>(5,831)</b>	(80,967)
Other loans raised		—	27,872
Repayment of other loans		<b>(10,235)</b>	—
Increase in loan from a director		<b>4,240</b>	10,748
<b>NET CASH INFLOW FROM FINANCING</b>		<b>227,054</b>	133,294
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>13,371</b>	(35,418)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>2,189</b>	37,607
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>15,560</b>	2,189
Analysis of cash and cash equivalents			
Cash and bank deposits		<b>15,560</b>	39,252
Trust receipt loans		—	(30,707)
Bank overdrafts		—	(6,356)
		<b>15,560</b>	2,189

The notes on pages 26 to 64 form an integral part of these financial statements.