

## Consolidated Cash Flow Statement

	<i>Notes</i>	<b>2003</b> RMB'000	2002 RMB'000
<b>Cash flows from operating activities</b>			
Profit before tax		<b>872,639</b>	521,119
Adjustments for:			
Finance costs	6	<b>(2,624)</b>	4,073
Share of profits and losses of associates		<b>—</b>	(1,021)
Depreciation	5	<b>56,968</b>	36,670
Loss on disposal of fixed assets	5	<b>5,592</b>	6,085
Amortisation of goodwill	5	<b>270</b>	—
(Gain)/loss on disposal of other investments	5	<b>410</b>	(324)
Loss on disposal of subsidiaries		<b>3,475</b>	—
Unrealised (gain)/loss on revaluation of short term investments	5	<b>(40)</b>	117
Negative goodwill recognised as income	5	<b>(1,399)</b>	(591)
Operating profit before working capital changes		<b>935,291</b>	566,128
Increase in inventories		<b>(114,472)</b>	(88,566)
(Increase)/decrease in trade receivables		<b>(1,663)</b>	425
Increase in bills receivables		<b>(324,783)</b>	(251,385)
(Increase)/decrease in other receivables		<b>102,747</b>	(38,842)
Increase/(decrease) in trade payables		<b>(61,382)</b>	322,044
Increase in bills payables		<b>202,760</b>	50,626
Increase in other payables		<b>33,139</b>	120,927
Increase in provision for product warranties		<b>12,829</b>	3,091
Cash generated from operations		<b>784,466</b>	684,448
Interest paid	6	<b>(4,863)</b>	(6,618)
Income taxes paid		<b>(109,270)</b>	(35,710)
<b>Net cash inflow from operating activities</b>		<b>670,333</b>	642,120

## Consolidated Cash Flow Statement (continued)

	<i>Notes</i>	<b>2003</b> <b>RMB'000</b>	2002 RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	6	7,487	2,545
Purchases of fixed assets		<b>(122,859)</b>	(56,875)
Proceeds from disposal of fixed assets		<b>3,399</b>	15,099
Purchases for construction in progress		<b>(291,411)</b>	(49,713)
Acquisition of subsidiaries	(31a)	<b>3,402</b>	7,861
Acquisition of other investments		<b>(17,160)</b>	(15,000)
Proceeds from disposal of other investments		<b>9,300</b>	3,324
Proceeds from disposal of subsidiaries	31(b)	<b>1,375</b>	—
Proceeds from disposal of short term investments		<b>11</b>	8
Net cash outflow from investing activities		<b>(406,456)</b>	(92,751)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issuance of new shares upon placing and initial public offering	29	<b>1,837,750</b>	—
Expenses for the placing and initial public offering	29	<b>(84,918)</b>	—
Drawdown of bank loans		<b>8,670</b>	108,790
Repayment of bank loans		<b>(83,300)</b>	(133,470)
Contribution from minority shareholders		—	250
Dividends paid to minority shareholders		<b>(23,414)</b>	(6,431)
Dividends paid		<b>(24,266)</b>	(341)
Net cash inflow/(outflow) from financing activities		<b>1,630,522</b>	(31,202)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>1,894,399</b>	518,167
Cash and cash equivalents at beginning of year		<b>620,970</b>	102,803
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>2,515,369</b>	620,970

### Major non-cash transactions

- (i) In 2003, dividends payable to a minority shareholder were set off against trade receivable and other receivable balances with the minority shareholder in the amount of RMB10,612,000 and RMB6,909,000, respectively.
- (ii) In 2003, an other payable was set off against the consideration from the disposal of other investments in the amount of RMB9,500,000.