

13. CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 December 2003

(Expressed in Renminbi Yuan)

	2003	2002
Operating activities		
Profit from ordinary activities before taxation	115,866,887	104,246,530
Adjustments for:		
Depreciation of property, plant and equipment	14,390,385	10,669,812
Amortisation of lease prepayments	254,365	209,542
Amortisation of intangible assets	645,660	645,660
Losses/(gains) on sales of property, plant and equipment	1,357	(13,736)
Interest expense	1,771,347	3,918,507
Interest income	<u>(543,156)</u>	<u>(415,312)</u>
Cash flows from operating activities before working capital changes	132,386,845	119,261,003
Increase in inventories	(24,540,848)	(31,703,347)
Increase in accounts receivable and bills receivable	(26,537,601)	(13,066,711)
Net (increase)/decrease in amounts due from/to related companies	(4,411,077)	14,116,743
(Increase)/decrease in advances to suppliers	(6,093,534)	867,422
Decrease/(increase) in other receivables, deposits and prepayments	2,326,650	(6,885,872)
Increase/(decrease) in bills payable and accounts payable	15,484,306	(269,968)
Increase in other creditors and accruals	<u>5,384,206</u>	<u>11,254,376</u>
Cash inflows from operating activities	93,998,947	93,573,646
Tax refund from the PRC government	6,585,862	2,938,662
Income tax paid	<u>(17,917,910)</u>	<u>(6,979,591)</u>
Net cash inflows from operating activities	<u>82,666,899</u>	<u>89,532,717</u>

The notes on pages 40 to 77 form part of these financial statements.

Consolidated Cash Flow Statement (continued)
for the year ended 31 December 2003
(Expressed in Renminbi Yuan)

	<i>Note</i>	<i>2003</i>	<i>2002</i>
Investing activities			
Interest received		543,156	415,312
Lease prepayments		-	(5,643,756)
Acquisition of property, plant and equipment		(26,152,843)	(29,747,165)
Proceeds from disposal of property, plant and equipment		9,690	880,338
Increase in time deposits with a bank		<u>(82,767,000)</u>	<u>-</u>
Net cash outflows from investing activities		<u>(108,366,997)</u>	<u>(34,095,271)</u>
Financing activities			
Interest expense paid		(1,771,347)	(3,918,507)
Proceeds from interest-bearing loans and borrowings		80,764,600	153,939,400
Repayment of interest-bearing loans and borrowings		(142,096,500)	(163,010,700)
Repayment of advances to related companies		(8,277,200)	(13,631,589)
Dividends paid		(31,149,310)	(60,000,000)
Proceeds from the issue of share capital		338,635,238	20,679,705
Share issue expenses paid		<u>(22,898,591)</u>	<u>-</u>
Net cash inflows/(outflows) from financing activities		<u>213,206,890</u>	<u>(65,941,691)</u>
Net increase/(decrease) in cash and cash equivalents		187,506,792	(10,504,245)
Cash and cash equivalents at beginning of year		<u>44,783,479</u>	<u>55,287,724</u>
Cash and cash equivalents at end of year	24(a)	<u>232,290,271</u>	<u>44,783,479</u>

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