

Consolidated Cash Flow Statement

Year ended 31 December 2004

		2004	2003
	<i>Notes</i>	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		552,969	872,639
Adjustments for:			
Interest expenses	7	46	4,863
Interest income	5	(10,295)	(7,487)
Depreciation of fixed assets	6	69,362	56,968
Loss on disposal of fixed assets	6	624	5,592
Amortisation of goodwill	6	270	270
(Gain)/loss on disposal of other investment	6	–	410
Loss on disposal of subsidiaries	6	–	3,475
Unrealised (gain)/loss on revaluation of short term investments	6	338	(40)
Negative goodwill recognised as income	6	(1,935)	(1,399)
Operating profit before working capital changes		611,379	935,291
(Increase)/decrease in inventories		111,318	(114,472)
(Increase)/decrease in trade receivables		(6,635)	(1,663)
(Increase)/decrease in bills receivable		34,586	(324,783)
(Increase)/decrease in other receivables		(12,356)	102,747
Increase/(decrease) in trade payables		(110,435)	(61,382)
Increase/(decrease) in bills payable		28,117	202,760
Increase/(decrease) in other payables		(67,695)	33,139
Increase in provision for product warranties		5,322	12,829
Cash generated from operations		593,601	784,466
Interest paid	7	(46)	(4,863)
Income taxes paid		(190,376)	(109,270)
Net cash inflow from operating activities		403,179	670,333

Consolidated Cash Flow Statement

Year ended 31 December 2004

	Notes	2004 RMB'000	2003 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	5	10,295	7,487
Purchases of fixed assets		(31,353)	(122,859)
Proceeds from disposal of fixed assets		1,591	3,399
Payment of construction cost		(612,851)	(291,411)
Acquisition of subsidiaries	31(a)	–	3,402
Investments in jointly-controlled entities		(23,700)	–
Acquisition of other investments		–	(17,160)
Proceeds from disposal of other investments		–	9,300
Proceeds from disposal of subsidiaries	31(b)	–	1,375
Proceeds from disposal of short term investments		8	11
Net cash outflow from investing activities		(656,010)	(406,456)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of new shares upon placing and initial public offering	29	20,769	1,837,750
Expenses for the placing and initial public offering	29	–	(84,918)
Drawdown of bank loans		–	8,670
Repayment of bank loans		(1,000)	(83,300)
Contribution from minority shareholders		12,984	–
Dividends paid to minority shareholders		(79,659)	(23,414)
Dividends paid		(18,755)	(24,266)
Net cash inflow/(outflow) from financing Activities		(65,661)	1,630,522
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(318,492)	1,894,399
Cash and cash equivalents at beginning of year		2,515,369	620,970
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,196,877	2,515,369

Major non-cash transactions

- (i) In 2004, dividends payable to a minority shareholder were set off against trade receivable and other receivable balances with the minority shareholder in the amount of RMB13,115,000 and RMB6,100,000, respectively.
- (ii) In 2004, dividends payable to a minority shareholder was set off against bills receivable balance with the minority shareholder in the amount of RMB1,800,000.