

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	Six months ended 30th June,	
	2001	2000
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash inflow from operating activities	84,159	56,475
Returns on investments and servicing of finance	32,586	(6,996)
Taxation	(8,324)	(7,379)
Investing activities	<u>(161,894)</u>	<u>(47,487)</u>
Net cash inflow (outflow) before financing	(53,473)	(5,387)
Financing activities	<u>188,345</u>	<u>34,365</u>
Net increase in cash and cash equivalents	134,872	28,978
Cash and cash equivalents, beginning of period	<u>699,773</u>	<u>666,535</u>
Cash and cash equivalents, end of period	<u><u>834,645</u></u>	<u><u>695,513</u></u>

Notes:

1. Turnover

Turnover represents the invoiced value of goods, net of sales tax and value-added tax (if applicable), and is recognized when the significant risks and rewards of ownership of the goods have been transferred to customers.

Turnover classified by the types of business operations was as follows:-

	Six months ended 30th June,	
	2001	2000
	<i>RMB'000</i>	<i>RMB'000</i>
LCD	151,650	156,622
PCB	119,801	90,647
Timepieces	63,497	71,639
Others	<u>94,173</u>	<u>113,980</u>
Total	<u><u>429,121</u></u>	<u><u>432,888</u></u>

2. Taxation

Pursuant to the relevant income tax laws of the PRC, group companies established in the Shenzhen Special Economic Zone are subject to income tax at a rate of 15 per cent while those established in other areas are subject to income tax at a rate of 33 per cent. Furthermore, certain group companies are Sino-foreign joint ventures which are entitled to full exemption from income tax of the PRC for two years and a 50 per cent reduction in the next three years starting from the first profit making year after offsetting available tax losses carried forward from prior years.



Taxation charges during the period were as follows:

	Six months ended	
	30th June,	
	2001	2000
	<i>RMB'000</i>	<i>RMB'000</i>
The PRC enterprise income tax	9,711	10,260
Share of taxation of associates	115	225
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	9,826	10,485
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The Company provided for income tax based on multiplying profit before taxation by the tax rate applicable during the period. The Directors of the Company consider that the provision for income tax has reflected the Group's tax situation according to the facts.

3. Earnings per share

Earnings per share was based on dividing consolidated profit attributable to shareholders of approximately RMB27,392,671 (2000: RMB11,122,515) by the total number of issued shares of 642,000,000 shares of the Company.

4. Reserve movements

As the Company's principal subsidiary Shenzhen Tian Ma Microelectronics Co., Ltd. ("Tian Ma") had issued additional new A shares at a premium in the beginning of the 2001 and raised a net capital of RMB353,000,000, the reserves of the Group and the Company increased to RMB411,000,000 (Corresponding period in 2000: RMB199,000,000) for the six months ended 30th June, 2001.

5. Interim Dividend

The Directors did not recommend payment of any interim dividend for the six-month period ended 30th June, 2001.