

Consolidated Cash Flow Statement

For the year ended 31 March 2004

	2004 RMB'000	2003 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation and minority interests	197,244	150,119
Adjustments for:		
Depreciation of property, plant and equipment	8,233	8,779
(Reversal of provision)/provision for obsolete inventories	(3,525)	4,408
Interest expenses	13,363	16,619
Interest income	(1,418)	(1,819)
Operating profit before working capital changes	213,897	178,106
Decrease/(Increase) in inventories	63,466	(33,546)
Increase in trade receivables	(28,508)	(105,987)
(Increase)/Decrease in prepayments and other receivables	(68,615)	11,408
Decrease/(Increase) in due from a director	317	(181)
(Increase)/Decrease in due from related companies	(11,046)	24,806
(Increase)/Decrease in pledged bank deposits	(39)	62,012
Increase in notes payable	20,000	—
Decrease in bills payable	—	(6,218)
(Decrease)/Increase in trade payables	(470)	1,745
Decrease in advances from customers	—	(17,436)
Increase in due to directors	210	—
(Decrease)/Increase in due to related companies	(201)	201
(Decrease)/Increase in accruals and other payables	(3,056)	3,433
Cash generated from operations	185,955	118,343
Interest received	1,418	1,819
PRC income tax paid	(6,302)	—
Value-added tax paid, net	(4,372)	(41,184)
Net cash from operating activities	176,699	78,978
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(284,830)	(24,186)
Net cash used in investing activities	(284,830)	(24,186)
	(108,131)	54,792

Consolidated Cash Flow Statement *(Continued)*

For the year ended 31 March 2004

	2004 <i>RMB'000</i>	2003 <i>RMB'000</i>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from new short-term borrowings	330,000	310,000
Repayment of short-term borrowings	(380,000)	(145,000)
Proceeds from issuance of share upon listing	324,254	—
Listing expenses	(27,877)	—
Repayment of director's loans	—	(84,271)
Dividend paid	(24,700)	—
Interest paid	(13,363)	(16,619)
Capital injection from a minority corporate shareholder	3,030	—
Dividend paid to a minority corporate shareholder	(3,800)	—
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Net cash inflow from financing activities	207,544	64,110
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NET INCREASE IN CASH AND CASH EQUIVALENTS	99,413	118,902
EXCHANGE DIFFERENCE ARISING ON TRANSLATION OF OVERSEAS OPERATIONS	1,152	—
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	218,149	99,247
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CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Cash and bank balances (excluding pledged bank deposits)	<u>318,714</u>	<u>218,149</u>