

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(Expressed in Renminbi)

(a) *Reconciliation of operating profit to net cash (outflow)/inflow from operating activities*

	2000 RMB'000	1999 RMB'000
Operating profit	8,418	50,223
Interest income	(697)	(196)
Amortisation of intangible asset	1,900	950
Depreciation	5,473	5,312
Loss on disposals of fixed assets	126	272
(Increase)/decrease in inventories	(4,215)	1,785
Increase in trade and other receivables	(59,678)	(36,034)
Decrease/(increase) in amounts due from related companies	3,909	(254)
Increase/(decrease) in amounts due to related companies	4,604	(1,014)
Decrease in trade and other payables	(7,438)	(12,852)
Net cash (outflow)/inflow from operating activities	<u>(47,598)</u>	<u>8,192</u>

(b) *Analysis of changes in financing during the year*

	Bank loans RMB'000	Share capital (including share premium) RMB'000
At 1 January 1999	2,578	214
Cash flows from financing	<u>8,254</u>	<u>-</u>
At 31 December 1999	<u>10,832</u>	<u>214</u>
At 1 January 2000	10,832	214
Cash flows from financing	<u>19,168</u>	<u>41,194</u>
At 31 December 2000	<u>30,000</u>	<u>41,408</u>

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(Expressed in Renminbi)

(c) *Analysis of the balances of cash and cash equivalents*

	2000 RMB'000	1999 RMB'000
Deposits with banks maturing within three months of the balance sheet date	5,538	–
Cash at bank and in hand	15,539	10,835
Bank overdrafts repayable within three months from the date of the advance	(3,168)	–
	<hr/> <b>17,909</b>	<hr/> 10,835

(d) *Major non-cash transactions*

During the year ended 31 December 2000, the Company issued 185,500,000 new shares of the Company by capitalising the share premium account to the extent of HK\$18,550,000. This amount was applied in paying up in full 185,500,000 shares issued by the Company. Further details are set out in notes 24(c)(ii).

During the year ended 31 December 1999, the Company acquired an intangible asset of RMB38,000,000 from a related party. The consideration payable was set off against an equivalent amount of the balance due from the related party. In addition, 1,000,000 shares were issued by the Company in exchange for the entire issued share capital of a subsidiary, the consideration of which amounted to RMB86,823,000 representing the net asset value of the subsidiary on the date of the exchange.