

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2006

	2006 RMB'000	2005 RMB'000
Cash flows from operating activities		
Profit before taxation	114,096	107,832
Adjustments for:		
Interest income	(2,805)	(2,142)
Interest expense	6,035	5,216
Release of prepaid lease payments	48	48
Depreciation of property, plant and equipment	14,377	13,879
Loss on disposal of property, plant and equipment	4	—
Loss (gain) on change in fair values of derivative financial instruments	10,449	(389)
Share-based payments	2,424	—
Effect of foreign exchange rate changes	(2,895)	(177)
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Operating cash flows before movements in working capital	141,733	124,267
Decrease (increase) in inventories	1,547	(1,420)
Increase in trade receivables	(22,287)	(15,768)
(Increase) decrease in other receivables, deposits and prepayments	(3,202)	7,281
Increase in prepaid lease payments	—	(50)
(Decrease) increase in trade payables	(6,666)	8,253
Increase in bills payable	5,539	17,746
Increase (decrease) in receipt in advance, other payables and accrued charges	1,908	(618)
(Decrease) increase in amounts due to directors	(133)	318
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Cash generated from operations	118,439	140,009
PRC Enterprise Income Tax paid	(18,057)	(17,497)
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Net cash from operating activities	100,382	122,512
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Cash flows from investing activities		
Purchase of property, plant and equipment	(58,726)	(15,942)
Deposits paid for acquisition of property, plant and equipment	(12,110)	(9,089)
Increase in pledged bank deposits	(8,703)	(8,680)
Interest received	2,805	2,142
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Net cash used in investing activities	(76,734)	(31,569)
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CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2006

	2006	2005
	RMB'000	RMB'000
Cash flows from financing activities		
Bank loans raised	41,750	31,200
Proceeds from new issue and placing of shares	17,304	—
Advance from a related company (former ultimate holding company)	10,657	7,102
Proceeds from exercise of share options	3,087	—
Proceeds from issue of warrants	1,722	—
Expenses paid in connection with the issue of new shares	(598)	—
Interest paid	(5,047)	(4,623)
Dividend paid	(10,553)	(12,549)
Bank loans repaid	(11,847)	(12,060)
Repayment to a related company (former ultimate holding company)	(13,703)	(3,922)
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Net cash from financing activities	32,772	5,148
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Net increase in cash and cash equivalents	56,420	96,091
Cash and cash equivalents at beginning of the year	336,841	241,223
Effect of foreign exchange rate changes	—	(473)
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Cash and cash equivalents at end of the year representing bank balances and cash	<u>393,261</u>	<u>336,841</u>