

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2004

	2004 <i>RMB'000</i>	2003 <i>RMB'000</i>
OPERATING ACTIVITIES		
Profit from operations	35,977	54,319
Adjustments for:		
Interest income on bank deposits	(542)	(481)
Amortisation of development costs	633	253
Depreciation and amortisation on property, plant and equipment	1,668	1,007
Loss on disposal of property, plant and equipment	308	–
(Net write-back of) allowances for doubtful debts	(480)	124
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Operating cash flows before movements in working capital	37,564	55,222
Decrease in inventories	1,929	10,196
(Increase) decrease in trade receivables	(30,353)	402
Increase in deposits, prepayments and other receivables	(4,094)	(7,389)
(Decrease) increase in trade and other payables	(20,671)	4,725
Decrease in amount due to a related company	(902)	(2,249)
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Cash (used in) from operations	(16,527)	60,907
PRC income taxes paid	(1,147)	(995)
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NET CASH (USED IN) FROM OPERATING ACTIVITIES	(17,674)	59,912
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INVESTING ACTIVITIES		
Interest received	542	481
Proceeds from disposal of investment in an associate	1,024	–
Purchase of property, plant and equipment	(1,804)	(3,933)
Expenditure on software development	(1,968)	(1,550)
Increase in bank deposits not within three months of maturity	(34,274)	–
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NET CASH USED IN INVESTING ACTIVITIES	(36,480)	(5,002)
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For the year ended 31 December 2004

	2004 <i>RMB'000</i>	2003 <i>RMB'000</i>
FINANCING ACTIVITIES		
Issue of new shares	72,127	–
Convertible notes raised	32,903	–
Interest paid	(366)	–
Expenditure on issue of new shares	(16,133)	–
Dividend paid	(31,869)	(23,409)
Decrease in amounts due from associates	–	2,865
Contributions from minority shareholders of subsidiaries	–	200
Capital injection	–	1
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NET CASH FROM (USED IN) FINANCING ACTIVITIES	56,662	(20,343)
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NET INCREASE IN CASH AND CASH EQUIVALENTS	2,508	34,567
CASH AND CASH EQUIVALENTS		
AT BEGINNING OF THE YEAR	68,143	33,576
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	90	–
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CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>70,741</u>	<u>68,143</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	105,015	68,143
Less: Bank deposits not within three months of maturity	(34,274)	–
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	<u>70,741</u>	<u>68,143</u>