

13. CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2004
(Expressed in Renminbi Yuan)

	<i>Note</i>	<i>2004</i>	<i>2003</i>
Cash generated from operating activities	(a)	150,261,535	82,666,899
Cash flow from investing activities		-----	-----
Interest received		2,728,294	543,156
Acquisition of property, plant and equipment		(41,024,082)	(26,152,843)
Proceeds from disposal of property, plant and equipment		897,767	9,690
Proceed from disposal of land use right		3,960,001	-
Decrease/(increase) in time deposits with banks		<u>16,384,500</u>	<u>(82,767,000)</u>
Net cash used in investing activities		(17,053,520)	(108,366,997)
Cash flow from financing activities		-----	-----
Interest expense paid		-	(1,771,347)
Proceeds from interest-bearing loans and borrowings		-	80,764,600
Repayment of interest-bearing loans and borrowings		-	(142,096,500)
Repayment of advances to related companies		-	(8,277,200)
Dividends paid		(56,816,590)	(31,149,310)
Proceeds from the issue of share capital		-	338,635,238
Share issue expenses paid		<u>-</u>	<u>(22,898,591)</u>
Net cash (used in)/generated from financing activities		(56,816,590)	213,206,890
Net increase in cash and cash equivalents		76,391,425	187,506,792
Cash and cash equivalents at beginning of year		<u>232,290,271</u>	<u>44,783,479</u>
Cash and cash equivalents at end of year		<u>308,681,696</u>	<u>232,290,271</u>

The notes on pages 40 to 73 form part of these financial statements.

**Notes to the consolidated Cash Flow Statement
for the year ended 31 December 2004
(Expressed in Renminbi Yuan)**

(a) Reconciliation of profit from ordinary activities before taxation to cash generated from operating activities

	2004	2003
Profit from ordinary activities before taxation	149,510,621	115,866,887
Adjustments for:		
Depreciation of property, plant and equipment	19,980,108	14,390,385
Amortisation of lease prepayments	247,564	254,365
Amortisation of intangible assets	645,660	645,660
Losses on disposal of property, plant and equipment	88,265	1,357
Gain on disposal of land use right	(89,064)	-
Interest expense	-	1,771,347
Interest income	<u>(3,874,311)</u>	<u>(543,156)</u>
Cash flow from operating activities before changes in working capital	166,508,843	132,386,845
Increase in inventories	(28,133,829)	(24,540,848)
Increase in accounts receivable and bills receivable	(12,868,884)	(26,537,601)
Net increase in amounts due from/to related companies	(3,023,066)	(4,411,077)
Increase in advances to suppliers	(485,935)	(6,093,534)
(Increase)/decrease in other receivables, deposits and prepayments	(7,295,495)	2,326,650
Increase in bills payable and accounts payable	19,707,214	15,484,306
Increase in other creditors and accruals	<u>27,222,363</u>	<u>5,384,206</u>
Cash generated from operations	161,631,211	93,998,947
Tax refund from the PRC government	5,016,960	6,585,862
Income tax paid	<u>(16,386,636)</u>	<u>(17,917,910)</u>
Cash generated from operating activities	150,261,535	82,666,899
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