

Consolidated Cash Flow Statement

For the year ended 31 December 2004

(Expressed in Renminbi)

	Note	2004		2003	
		RMB'000	RMB'000	RMB'000	RMB'000
Operating activities					
Profit from ordinary activities before taxation		164,066		149,845	
Adjustments for:					
Depreciation		15,346		11,976	
Amortisation of long-term prepaid rentals		12,340		7,687	
Loss on disposal of fixed assets		8		—	
Provision for bad and doubtful debts		211		266	
Provision for slow moving and obsolete inventories		835		—	
Finance costs		4,839		13,523	
Interest income		(2,124)		(1,589)	
Operating profit before changes in working capital		195,521		181,708	
Increase in inventories		(15,765)		(10,578)	
Increase in trade receivables, advance to suppliers, deposits, prepayments and other current assets		(7,532)		(11,988)	
Increase in trade payables, accruals and other payables		3,651		2,067	
Decrease in provision for staff welfare benefit		(721)		(351)	
Cash from operations		175,154		160,858	
Tax paid					
PRC enterprise income tax paid		(44,818)		(35,715)	
Net cash from operating activities			130,336		125,143
Investing activities					
Payment for purchase of fixed assets		(60,013)		(25,866)	
Payment for long-term prepaid rentals		—		(21,420)	
Decrease in bank deposits with original maturity over three months		—		31,800	
Interest received		2,124		1,589	
Net cash used in investment activities			(57,889)		(13,897)
Financing activities					
New short-term bank loans		41,500		111,725	
Repayment of bank loans		(59,255)		(41,500)	
Decrease in amount due to a director		(70)		(465)	
Proceeds from issue of share capital		54,272		7,809	
Proceeds from issue of coupon bonds		—		37,206	
Payment for share issuance expenses		(4,539)		—	
Finance costs paid		(4,781)		(12,768)	
Dividend paid		(19,090)		(25,440)	
Net cash from financing activities			8,037		76,567
Increase in cash and cash equivalents			80,484		187,813
Cash and cash equivalents at 1 January			414,466		226,653
Cash and cash equivalents at 31 December	20		494,950		414,466

The notes on pages 35 to 64 form an integral part of these financial statements.