

Consolidated Cash Flow Statement

For the year ended 31 December 2005

	2005 RMB'000	2004 RMB'000
Operating activities		
Profit before taxation	342,452	280,809
Adjustments for:		
Interest income	(17,817)	(790)
Depreciation of property, plant and equipment	25,792	22,053
Operating lease rentals in respect of land use rights	328	231
(Gain) loss on disposal of property, plant and equipment	(3)	494
Operating cash flows before movements in working capital	350,752	302,797
(Increase) decrease in inventories	(17,286)	28,148
Increase in trade and other receivables	(1,612)	(13,169)
Decrease (increase) in bills receivable	52,656	(129,647)
Decrease (increase) in amount due from a related company	203	(115)
Increase in trade and other payables	75,407	57,369
Increase in government grants received	5,400	–
Decrease in amounts due to related companies	(1,831)	(908)
Cash generated from operations	463,689	244,475
PRC Enterprise Income Tax paid	(6,043)	(13,928)
Net cash from operating activities	457,646	230,547
Investing activities		
Acquisition of additional interest in a subsidiary	(80,846)	–
Purchase of property, plant and equipment	(73,054)	(22,364)
Interest received	17,817	790
Proceeds from disposal of property, plant and equipment	110	–
Net cash used in investing activities	(135,973)	(21,574)
Financing activities		
Dividend paid	(82,700)	(32,044)
Repurchase of shares	(10,178)	–
Dividend paid to minority shareholders	(6,714)	–
Proceeds from new issue of shares less issue expenses	–	1,006,788
Net cash advanced from a shareholder	–	147,358
Net decrease in amounts due to related companies	–	(479,851)
Net cash (used in) from financing activities	(99,592)	642,251
Net increase in cash and cash equivalents	222,081	851,224
Cash and cash equivalents at the beginning of the year	1,146,592	294,989
Effect of exchange rate changes	(21,068)	379
Cash and cash equivalents at the end of the year, representing bank balances and cash	1,347,605	1,146,592