

Consolidated Cash Flow Statement

For the year ended 31st December, 2005

| | 2005 RMB'000 | 2004 RMB'000 |
|--|-----------------|-----------------|
| Operating activities | | |
| Profit for the year | 198,108 | 144,758 |
| Adjustments for: | | |
| Interest income | (2,473) | (479) |
| Interest expenses | 9,088 | 2,107 |
| Income tax expense | 12,179 | 6,251 |
| Depreciation of property, plant and equipment | 32,382 | 24,383 |
| Amortisation of intangible assets | 2,195 | 3,311 |
| Amortisation of prepaid lease premium for land | 1,088 | 1,021 |
| Loss on disposal of property, plant and equipment | 883 | 218 |
| Gain on disposal of intangible assets | – | (891) |
| Discount arising on a deemed acquisition of additional interests in a subsidiary | (328) | – |
| Share of profits of an associate | (11,722) | – |
| Allowance for inventories (written back) | (612) | 1,960 |
| Allowance for bad and doubtful debts (written back) | (1,282) | 1,023 |
| 38 Operating cash flows before movements in working capital | 239,506 | 183,662 |
| Increase in inventories | (63,694) | (18,039) |
| Decrease (increase) in trade and other receivables | 16,274 | (101,048) |
| Increase (decrease) in trade and other payables | 51,019 | (10,659) |
| Cash from operations | 243,105 | 53,916 |
| PRC income tax paid | (11,223) | (6,251) |
| Net cash from operating activities | 231,882 | 47,665 |
| Investing activities | | |
| Interest received | 2,473 | 479 |
| Purchase of property, plant and equipment | (148,375) | (99,370) |
| Investment in a joint venture | (8,071) | – |
| Proceeds from disposal of property, plant and equipment | 1,140 | 4,694 |
| Prepaid rentals for lease premium for land | (3,843) | – |
| Purchase of intangible assets | (5,810) | (5,650) |
| Proceeds from disposal of intangible assets | – | 6,633 |
| Repayment from (advances to) related companies | 9,620 | (6,763) |
| Repayment from a director | 21,256 | 78,869 |
| (Increase) decrease in pledged bank deposits | (4,765) | 2,641 |
| Net cash used in investing activities | (136,375) | (18,467) |

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For the year ended 31st December, 2005

| | 2005 | 2004 |
|--|-----------|-----------|
| | RMB'000 | RMB'000 |
| Financing activities | | |
| Interest paid | (9,088) | (2,107) |
| Proceeds from issue of shares | 538,346 | – |
| Payment of listing expense | (30,339) | – |
| Dividends paid | (241,789) | (82,044) |
| Dividends paid to minority owners of subsidiaries | (18,384) | (1,200) |
| Capital contributions from equity holders of the Company | 39,727 | 79,547 |
| Capital contributions from minority owners of subsidiaries | 869 | 9,312 |
| Distribution during the Group Reorganisation | (40,303) | – |
| Repayment to related companies | (20,982) | (19,427) |
| Bank loans raised | 230,252 | 166,551 |
| Repayment of bank loans | (146,355) | (153,780) |
| Repayment of other loans | (18,066) | – |
| Net cash from (used in) financing activities | 283,888 | (3,148) |
| Net increase in cash and cash equivalents | 379,395 | 26,050 |
| Cash and cash equivalents at beginning of the year | 86,380 | 60,330 |
| Effect of foreign exchange rate changes | (235) | – |
| Cash and cash equivalents at the end of the year | 465,540 | 86,380 |
| Analysis of the balances of cash and cash equivalents | | |
| Bank balances and cash | 465,540 | 86,380 |