

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2005
(Expressed in Renminbi)

	Note	2005 RMB'000	2004 RMB'000
Operating activities			
Profit before taxation		46,628	38,084
Adjustments for:			
— Depreciation and amortisation		26,442	33,770
— Interest income		(1,443)	(239)
— Gain on disposal of property, plant and equipment		(122)	(74)
— Gain on disposal of a subsidiary		—	(69)
— Interest expense		2,480	3,633
		<u>73,985</u>	<u>75,105</u>
Operating profit before changes in working capital			
Increase in inventories		(4,242)	(9,566)
Decrease/(increase) in trade and other receivables		40,429	(16,198)
(Decrease)/increase in trade and other payables		(9,566)	21,101
		<u>100,606</u>	<u>70,442</u>
Cash generated from operations			
PRC tax paid		(7,306)	(6,318)
Interest paid		(2,480)	(3,633)
		<u>90,820</u>	<u>60,491</u>
Net cash generated from operating activities			
Investing activities			
Payment for purchase of property, plant and equipment		(9,452)	(2,902)
Proceeds from disposal of property, plant and equipment		276	232
Payment for construction in progress		(3,668)	(24,530)
Acquisition of interest from a minority equity holder of a subsidiary		—	(1,135)
Proceeds from disposal of a subsidiary		—	5,092
Interest received		1,443	239
Decrease in pledged deposits		4,091	197
		<u>(7,310)</u>	<u>(22,807)</u>
Net cash used in investing activities			

CONSOLIDATED CASH FLOW STATEMENT (continued)

For the year ended 31 December 2005
(Expressed in Renminbi)

	Note	2005 RMB'000	2004 RMB'000
Financing activities			
Net proceeds from issuance of shares by placing and public offering		50,764	—
Capital injection from the equity holders		—	21,235
Proceeds from new bank loans		98,227	127,279
Dividends paid to the equity shareholders of the Company/the then equity holders		(83,983)	(21,322)
Repayment of bank loans		(111,872)	(150,974)
Net cash used in financing activities		(46,864)	(23,782)
Net increase in cash and cash equivalents		36,646	13,902
Cash and cash equivalents at 1 January		59,595	45,693
Effect of foreign exchange rate changes		(958)	—
Cash and cash equivalents at 31 December	20	95,283	59,595

The notes on pages 40 to 80 form part of these financial statements.