

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2005

	<b>2005</b>	2004
	<b>RMB'000</b>	RMB'000
		(restated)
Cash flows from operating activities		
Profit before taxation	<b>107,832</b>	114,660
Adjustments for:		
Interest income	<b>(2,142)</b>	(1,027)
Interest expense	<b>5,216</b>	2,669
Release of prepaid lease payments	<b>48</b>	42
Depreciation of property, plant and equipment	<b>13,879</b>	8,109
Gain on decrease in fair value of derivative financial instrument	<b>(389)</b>	—
Effect of foreign exchange rate changes	<b>(177)</b>	—
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Operating cash flows before movements in working capital	<b>124,267</b>	124,453
Increase in inventories	<b>(1,420)</b>	(2,903)
Increase in trade receivables	<b>(15,768)</b>	(19,326)
Decrease (increase) in other receivables, deposits and prepayments	<b>7,281</b>	(7,613)
Increase in prepaid lease payments	<b>(50)</b>	(1,004)
Increase in trade payables	<b>8,253</b>	2,719
Increase in bills payable	<b>17,746</b>	13,370
(Decrease) increase in receipt in advance, other payables and accrued charges	<b>(618)</b>	1,383
Increase (decrease) in amounts due to directors	<b>318</b>	(288)
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Cash generated from operations	<b>140,009</b>	110,791
Interest paid	<b>(4,623)</b>	(2,602)
PRC Enterprise Income Tax paid	<b>(17,497)</b>	(21,637)
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Net cash from operating activities	<b>117,889</b>	86,552
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Cash flows from investing activities		
Purchase of property, plant and equipment	<b>(15,942)</b>	(55,464)
Deposits (paid) refunded for acquisition of property, plant and equipment	<b>(9,089)</b>	1,605
Increase in pledged bank deposits	<b>(8,680)</b>	(3,517)
Interest received	<b>2,142</b>	1,027
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Net cash used in investing activities	<b>(31,569)</b>	(56,349)
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For the year ended 31 December 2005

	<b>2005</b>	2004
	<b>RMB'000</b>	RMB'000
		(restated)
Cash flows from financing activities		
Bank loans raised	<b>31,200</b>	10,000
Advance from ultimate holding company	<b>7,102</b>	—
Repayment to ultimate holding company	<b>(3,922)</b>	—
Bank loans repaid	<b>(12,060)</b>	(4,000)
Dividend paid	<b>(12,549)</b>	(17,030)
Proceeds from new issue and placing of shares	—	27,560
Expenses paid in connection with the issue of new shares	—	(1,522)
Proceeds from issue of convertible notes	—	31,800
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Net cash from financing activities	<b>9,771</b>	46,808
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Net increase in cash and cash equivalents	<b>96,091</b>	77,011
Cash and cash equivalents at beginning of the year	<b>241,223</b>	164,212
Effect of foreign exchange rate changes	<b>(473)</b>	—
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Cash and cash equivalents at end of the year representing bank balances and cash	<b>336,841</b>	241,223
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