

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		124,334	88,047
Adjustments for:			
- Depreciation		7,856	4,661
- Impairment losses for bad and doubtful debts		—	4,018
- Amortisation of lease prepayments		250	172
- Amortisation of intangible assets		12,067	4,657
- Finance costs		12,217	9,856
- Interest income		(912)	(609)
- Net realised and unrealised gain on investments in unit trusts		—	(36)
- Loss on disposal of property, plant and equipment		2	12
		<hr/>	<hr/>
Operating profit before changes in working capital		155,814	110,778
Increase in inventories		(5,171)	(4,656)
Increase in trade and other receivables		(124,411)	(11,285)
Increase/(decrease) in trade and other payables		39,467	(52,774)
		<hr/>	<hr/>
Cash generated from operations		65,699	42,063
PRC income tax paid		(4,878)	(6,714)
		<hr/>	<hr/>
Net cash generated from operating activities		60,821	35,349
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Investing activities			
Payment for purchase of property, plant and equipment and construction in progress		(15,193)	(12,718)
Proceeds from disposal of property, plant and equipment		104	—
Payment for purchase of investments in unit trusts		—	(2,000)
Proceeds from sales of investments in unit trusts		—	2,233
Cash inflow from acquisition of a subsidiary		—	600
Expenditure on development projects		(7,901)	(5,487)
Advances/payments to related parties		(51,554)	(130,850)
Repayment of advances to related parties		50,998	167,963
Interest received		912	609
		<hr/>	<hr/>
Net cash (used in)/from investing activities		(22,634)	20,350
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

CONSOLIDATED CASH FLOW STATEMENT

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 for placing and public offering		178,795	—
Proceeds from new bank loans		150,740	87,645
Proceeds from issuance of Convertible Bonds		41,141	—
Repayment of bank loans		(172,545)	(110,154)
Dividends paid to the then equity holder of a subsidiary		(35,000)	(50,000)
Interest paid		(8,773)	(9,331)
Other borrowing costs paid		(956)	(525)
(Increase)/decrease in pledged deposits		(10,226)	24,512
		<u>143,176</u>	<u>(57,853)</u>
Net cash from/(used in) financing activities		143,176	(57,853)
Net increase/(decrease) in cash and cash equivalents		181,363	(2,154)
Cash and cash equivalents at 1 January		25,984	28,138
Effect of foreign exchange rate changes		(913)	—
Cash and cash equivalents at 31 December	22	<u>(206,434)</u>	<u>25,984</u>

The notes on pages 44 to 94 form part of these financial statements.