

# Consolidated Cash Flow Statement

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

	Note	2005 RMB'000	2004 RMB'000
<b>Cash flows from operating activities</b>			
Profit before tax		366,682	221,726
Adjustments for:			
— Depreciation		42,991	46,084
— Amortisation of lease prepayments		159	3,803
— Impairment loss/(reversal of impairment loss) on trade and other receivables		1,878	(2,619)
— Write down of inventories		2,688	—
— Interest income		(23,773)	(1,772)
— Interest expense		57,664	45,528
— Share of loss of an associate		507	—
— Loss on disposal of property, plant and equipment		396	859
— Recognition of negative goodwill		—	(23,292)
<b>Operating profit before change in working capital</b>		<b>449,192</b>	<b>290,317</b>
Increase in inventories		(119,752)	(4,358)
Decrease/(increase) in trade and other receivables		30,532	(80,047)
(Decrease)/increase in trade and other payables		(37,471)	216,581
<b>Cash generated from operating activities</b>		<b>322,501</b>	<b>422,493</b>
Interest expense paid		(24,690)	(45,108)
Income taxes paid		(24,535)	(37,620)
<b>Net cash from operating activities</b>		<b>273,276</b>	<b>339,765</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		594	1,318
Interest income received		23,773	1,772
Acquisition of property, plant and equipment		(127,399)	(42,243)
Payments for lease prepayments		—	(4,844)
Investment in an associate		(5,762)	—
Payments of pledged deposits		(19,216)	(158,127)
Changes in advances to related parties		1,138,226	(1,446,911)
Business combinations, net of cash acquired	29	—	3,041
<b>Net cash from/(used in) investing activities</b>		<b>1,010,216</b>	<b>(1,645,994)</b>

	Note	2005 RMB'000	2004 RMB'000
<b>Cash flows from financing activities</b>			
Capital element of finance lease rentals paid		(848)	—
Proceeds from government loans		600	20,334
Changes in advances from related parties		(1,471,697)	822,568
Proceeds from bank loans		597,000	819,800
Proceeds from loan from other financial institution		—	60,000
Proceeds from issuance of convertible instruments		—	247,923
Proceeds from capital contribution		1,619,974	1,500
Repayments of government loans		(10,000)	(12,000)
Repayments of bank loans		(900,000)	(373,700)
Interest element of finance lease rentals paid		(13,537)	—
Dividends paid		—	(90,818)
<b>Net cash (used in)/from financing activities</b>		<b>(178,508)</b>	<b>1,495,607</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,104,984</b>	<b>189,378</b>
<b>Cash and cash equivalents at 1 January</b>		<b>250,566</b>	<b>61,188</b>
Effect of exchange rate fluctuations on cash held		(14)	—
<b>Cash and cash equivalents at 31 December</b>	22	<b>1,355,536</b>	<b>250,566</b>

The notes on pages 58 to 120 form part of these financial statements.