

# Consolidated Cash Flow Statement

Year ended 31 December 2005

	Notes	2005 RMB'000	2004 RMB'000
Profit before income tax and minority interests		<b>122,124</b>	127,564
Adjustments for:			
Interest expenses		<b>22,127</b>	19,593
Interest income		<b>(1,852)</b>	(1,131)
Loss/(gain) on disposal of property, plant and equipment		<b>22</b>	(9)
Depreciation of property, plant and equipment		<b>42,852</b>	45,409
Amortisation of land use rights		<b>305</b>	168
Write-off of goodwill from purchase of additional equity interest in a subsidiary		<b>—</b>	52
Reversal for bad and doubtful debts		<b>(1,103)</b>	(775)
Equity-settled share-based payment	28	<b>1,448</b>	—
Operating profit before working capital changes		<b>185,923</b>	190,871
Increase in inventories		<b>(39,174)</b>	(36,902)
Increase in trade and notes receivables		<b>(3,217)</b>	(55,011)
(Increase)/decrease in prepayments, deposits and other receivables		<b>(73,379)</b>	17,634
Decrease in amounts due from the shareholder		<b>—</b>	120
Decrease in amounts due from related parties		<b>—</b>	674
Increase in trade and notes payables		<b>115,823</b>	68,696
Decrease in accrued liabilities and other payables		<b>(20,555)</b>	(54,448)
(Decrease)/increase in amounts due to the shareholder		<b>(427)</b>	427
Cash generated from operations		<b>164,994</b>	132,061
Income tax paid		<b>—</b>	(1,508)
Net cash inflow from operating activities		<b>164,994</b>	130,553
<b>Cash flows from investing activities</b>			
Interest income from bank balances		<b>1,852</b>	1,131
Proceeds from disposal of property, plant and equipment		<b>624</b>	80
Proceeds from sales of short-term investments		<b>—</b>	2,000
Purchase of land use rights		<b>—</b>	(6,160)
Purchase of additional equity interest in subsidiaries		<b>—</b>	(848)
Acquisition of property, plant and equipment and construction in progress		<b>(131,767)</b>	(47,972)
Increase in pledged time deposits		<b>(103,217)</b>	(17,921)
Net cash outflow from investing activities		<b>(232,508)</b>	(69,690)

The accompanying notes form an integral part of the financial statements.

## Consolidated Cash Flow Statement

Year ended 31 December 2005

	Notes	2005 RMB'000	2004 RMB'000
<b>Cash flows from financing activities</b>			
Cash received from the shareholder for issued capital and additional paid-up capital		—	528
New bank loans and other borrowings		<b>209,372</b>	223,612
Repayment of bank loans and other borrowings		<b>(313,405)</b>	(275,035)
Dividends paid		<b>(47,405)</b>	—
Proceeds from issuance of share capital		<b>251,731</b>	—
Interest paid		<b>(22,389)</b>	(28,829)
Net cash inflow/(outflow) from financing activities		<b>77,904</b>	(79,724)
Net increase/(decrease) in cash and cash equivalents		<b>10,390</b>	(18,861)
Cash and cash equivalents at beginning of year		<b>5,159</b>	24,020
Effect of foreign exchange rate changes, net		<b>(317)</b>	—
<b>Cash and cash equivalents at end of year</b>	17	<b>15,232</b>	5,159

The accompanying notes form an integral part of the financial statements.