

## CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2005  
(Expressed in Renminbi)

	2005		2004	
	RMB'000	RMB'000	RMB'000 (Restated)	RMB'000 (Restated)
<b>Operating activities</b>				
Profit before taxation	155,772		162,015	
Adjustments for:				
Depreciation	17,653		15,121	
Amortisation of leasehold land and rental prepayments	13,732		12,565	
Loss on disposal of property, plant and equipment	4,913		8	
Impairment loss of rental prepayments	3,333		—	
Impairment of bad and doubtful debts	720		211	
Employee share-based compensation	138		—	
Write-down of obsolete and slow moving inventories	101		835	
Finance costs	7,304		6,890	
Interest income	(3,352)		(2,124)	
<b>Operating profit before changes in working capital</b>	<b>200,314</b>		<b>195,521</b>	
Decrease/(increase) in inventories	6,501		(15,765)	
Increase in trade and other receivables	(9,833)		(7,532)	
Decrease/(increase) in trade and other payables (excluding due to a director)	(1,377)		3,650	
Decrease in provision for staff welfare benefit	(149)		(721)	
<b>Cash generated from operations</b>	<b>195,456</b>		<b>175,153</b>	
<b>Tax paid</b>				
PRC enterprise income tax paid	(42,889)		(44,817)	
<b>Net cash generated from operating activities</b>		<b>152,567</b>		<b>130,336</b>
<b>Investing activities</b>				
Payments for purchase of property, plant and equipment	(3,116)		(60,013)	
Payments for rental prepayments	(22,000)		—	
Interest received	3,352		2,124	
<b>Net cash used in investing activities</b>		<b>(21,764)</b>		<b>(57,889)</b>

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(Expressed in Renminbi)

	2005		2004	
	RMB'000	RMB'000	RMB'000 (Restated)	RMB'000 (Restated)
<b>Financing activities</b>				
New short-term bank loans	41,500		41,500	
Repayment of bank loans	(64,330)		(59,255)	
Increase/(decrease) in amount due to a director	13,776		(70)	
Proceeds from issue of share capital	—		54,272	
Payment for share issuance expenses	—		(4,539)	
Finance costs paid	(5,235)		(4,781)	
Dividends paid	(29,207)		(19,090)	
<b>Net cash (used in)/generated from financing activities</b>		<b>(43,496)</b>		<b>8,037</b>
<b>Increase in cash and cash equivalents</b>		<b>87,307</b>		<b>80,484</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>494,950</b>		<b>414,466</b>
<b>Effect of foreign exchange rate changes, net</b>		<b>(72)</b>		<b>—</b>
<b>Cash and cash equivalents at end of year</b>		<b>582,185</b>		<b>494,950</b>

The notes on pages 38 to 83 form an integral part of this financial statements.