

Consolidated Cash Flow Statement

For the year ended 31st December, 2005

	2005 RMB'000	2004 RMB'000
Operating activities		
Profit before taxation	353,592	227,827
Adjustments for:		
Interest income	(9,253)	(552)
Interest expenses	7,627	5,996
Depreciation	31,374	23,269
Expenses charged to income statement in connection with the issue of shares	18,550	—
Operating lease rentals in respect of land use rights	692	336
Loss on disposal of property, plant and equipment	212	31
Allowance for bad and doubtful debts	396	—
Effect of foreign exchange rate changes on inter-company balances	(1,155)	(463)
Operating cash flows before movements in working capital	402,035	256,444
Increase in inventories	(35,799)	(13,810)
Increase in trade and other receivables	(92,208)	(91,793)
Increase (decrease) in trade and other payables	114,607	(1,169)
Cash from operations	388,635	149,672
Taxation paid	(21,059)	(20,163)
Net cash from operating activities	367,576	129,509
Investing activities		
Interest received	9,253	552
Purchase of property, plant and equipment	(149,637)	(90,500)
Proceeds from disposal of property, plant and equipment	1,396	5,253
Prepaid rentals on land use rights	—	(9,710)
Deposits paid on acquisition of property, plant and equipment	(19,361)	(13,560)
Repayment from (advances made to) related companies	2,222	(2,596)
(Increase) decrease in restricted bank deposits	(14,660)	531
Net cash used in investing activities	(170,787)	(110,030)

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For the year ended 31st December, 2005

	2005	2004
	RMB'000	RMB'000
Financing activities		
Interest paid	(3,736)	(3,455)
Dividends paid	(103,301)	(30,799)
Proceeds from issue of shares	782,380	414
Expense paid in connection with the issue of shares	(47,993)	—
Proceeds from issue of redeemable convertible preferred shares	—	219,750
Consideration paid pursuant to the group reorganisation	(34,799)	(107,034)
Capital contributions	—	8,277
(Repayment to) borrowings from related companies	(28,000)	25,060
Bank loans raised	15,000	158,786
Repayment of bank loans	(82,742)	(152,464)
Net cash from financing activities	496,809	118,535
Net increase in cash and cash equivalents	693,598	138,014
Cash and cash equivalents at 1st January	246,321	108,219
Effect of foreign exchange rate changes	(949)	88
Cash and cash equivalents at 31st December	938,970	246,321
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	938,970	246,321