

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2005

	Notes	2005 RMB'000	2004 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(77,482)	23,813
Adjustments for:			
Finance costs	7	11,186	9,719
Share of profits and losses of associates		6,955	(4,709)
Interest income	5	(34,442)	(44,117)
Gain on disposal of items of property, plant and equipment, net	5	(167)	(320)
Gain on disposal of a subsidiary	5, 6	(735)	-
Gain on disposal of an associate	5, 6	(11,000)	-
Depreciation	6	84,938	89,664
Amortisation of prepaid land premiums	6	188	203
Impairment/(reversal of impairment) of construction in progress, net	6	6,990	(7,802)
Impairment/(reversal of impairment) of items of property, plant and equipment, net	6	12,661	(15,252)
Negative goodwill on acquisition of a subsidiary recognised as income during the year	5, 6	—	(234)
Negative goodwill on acquisition of an associate recognised as income during the year	18	—	(606)
Dividend income from unlisted available-for-sale equity investments/long term investments	5, 6	(156)	(501)
Gain on disposal of unlisted available-for-sale equity investments/long term investments	5, 6	—	(14,529)
Provision for and write-off of bad and doubtful debts, net	6	23,098	45,506
Provision/(reversal of provision) for other receivable	6	9,220	(17,720)
Net charge for impairment losses and allowances/provision for loans receivable	6	(2,038)	648
Net charge for impairment losses and allowances/provision for bills discounted receivable	6	358	(237)
Provision against obsolete inventories, net	6	6,237	7,448
Fair value loss on equity investments at fair value through profit or loss/short term investments, net	6	1,444	1,837

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2005

	2005 <i>RMB'000</i>	2004 <i>RMB'000</i> <i>(Restated)</i>
Operating profit before working capital changes	37,255	72,811
(Increase)/decrease in inventories	89,535	(84,525)
Increase in loans receivable	(84,635)	(72,710)
(Increase)/decrease in trade and bills receivables	14,551	(125,165)
(Increase)/decrease in bills discounted receivable	(35,810)	23,642
(Increase)/decrease in other receivables	40,804	(6,233)
(Increase)/decrease in an amount due from the ultimate holding company	(23,760)	13,908
(Increase)/decrease in equity investments at fair value through profit or loss/short term investments	14,641	(14,543)
Increase in trade and bills payables	130,968	44,109
Decrease in customer deposits	(20,679)	(137,680)
Increase/(decrease) in accruals and other liabilities	77,764	(59,203)
Increase/(decrease) in an amount due to the ultimate holding company	(42,345)	48,111
Increase in provisions	26,313	412
Cash generated from/(used in) operations	224,602	(297,066)
Interest received	34,442	44,117
Interest paid	(11,186)	(9,719)
Income tax paid	(6,390)	(19,450)
Net cash inflow/(outflow) from operating activities	241,468	(282,118)

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2005

	Notes	2005 RMB'000	2004 RMB'000 (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend income from unlisted available-for-sale equity investments/long term investments		156	501
Dividend income received from an associate		7,207	3,745
Purchases of items of property, plant and equipment and additions to construction in progress		(183,548)	(129,896)
Proceeds from disposal of items of property, plant and equipment		17,455	27,740
Purchases of unlisted available-for-sale equity investments/long term investments		(4,190)	(4,689)
Proceeds from disposal of long term investments		—	16,529
Investment in an associate		—	(800)
Disposal of an associate		40,000	—
Disposal of a subsidiary	36	3,550	—
(Increase)/decrease in mandatory reserve deposits in the People's Bank of China		(8,832)	15,076
(Increase)/decrease in time deposits		(62,718)	244,545
(Increase)/decrease in pledged deposits		(51,918)	50,951
Net cash inflow/(outflow) from investing activities		(242,838)	223,702
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		232,230	218,270
Repayment of bank loans		(153,040)	(186,907)
Dividends paid to minority shareholders		(3,721)	(8,623)
Contributions from minority shareholders		700	12,307
Net cash inflow from financing activities		76,169	35,047
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		74,799	(23,369)
Cash and cash equivalents at beginning of year		361,625	384,994
Effect of foreign exchange rate changes, net		(1,357)	-
CASH AND CASH EQUIVALENTS AT END OF YEAR		435,067	361,625
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	27	416,883	340,043
Non-pledged time deposits with original maturity of less than three months when acquired	27	18,184	21,582
		435,067	361,625