

Consolidated Cash Flow Statement

For the year ended December 31, 2005

	2005 RMB'000	2004 RMB'000
OPERATING ACTIVITIES		
Profit before taxation	278,665	257,176
Adjustments for:		
Impairment loss recognized in respect of trade and other receivables	5,630	9,968
Allowances for inventories	3,532	32,273
Amortization of intangible assets	225	113
Release of prepaid lease payment	3,436	3,201
Depreciation of property, plant and equipment	87,474	61,155
(Gain) loss on disposal of property, plant and equipment	(26)	833
Interest expenses	111,540	95,419
Interest income	(7,487)	(4,106)
Issue of shares to a then employee charge to employee benefit expense	–	301
Loss (gain) on disposals of subsidiaries	1,380	(3,013)
Gain on disposals of available-for-sale investments	(305)	–
Share of loss of an associate	1,114	–
Release of negative goodwill to income statement	–	(518)
Discounts on acquisition of an additional interest in a subsidiary	(5,300)	–
Operating cash flows before movements in working capital	479,878	452,802
Decrease (increase) in inventories	10,364	(877,074)
Increase in trade and other receivables	(273,209)	(129,587)
Decrease in amounts due from related companies	152,542	63,227
(Decrease) increase in trade, bills and other payables	(108,310)	507,681
Increase in amounts due to related companies	22,908	36,684
Cash generated from operations	284,173	53,733
Income taxes paid	(31,774)	(50,395)
Income taxes refunded	8,549	13,941
NET CASH FROM OPERATING ACTIVITIES	260,948	17,279

Consolidated Cash Flow Statement (cont'd)

For the year ended December 31, 2005

	Notes	2005 RMB'000	2004 RMB'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(194,462)	(738,797)
Increase in prepaid lease payment		(5,554)	(24,698)
Investment in an associate		(5,068)	(5,173)
Payment for acquisition of additional interest in subsidiaries		(1,321)	–
Increase in pledged bank deposits		(927)	(161,087)
Investment in a jointly controlled entity		(811)	–
Purchase of intangible assets		(397)	(761)
Proceeds from disposals of property, plant and equipment		9,305	20,768
Interest received		7,487	4,106
Proceeds from sales of available-for-sales investments		2,405	1,051
Proceeds from sales of held for trading investments		3,505	–
Purchase of investments in securities		–	(3,815)
Purchase of subsidiaries	32	–	–
Disposal of subsidiaries	33	–	(71,587)
NET CASH USED IN INVESTING ACTIVITIES		(185,838)	(979,993)
FINANCING ACTIVITIES			
Bank and other borrowings raised		3,068,370	2,366,019
Issue of shares		539,246	20,750
Advances from related companies		41,311	64,880
Repayment of bank and other borrowings		(3,351,949)	(1,716,018)
Interest paid		(96,536)	(80,413)
Repayment to related companies		(78,221)	(48,800)
Transaction costs attributable to issue of new shares		(38,511)	–
Proceeds on issue of convertible loan notes		–	124,499
Capital contribution from minority shareholders		–	34,962
NET CASH FROM FINANCING ACTIVITIES		83,710	765,879
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		158,820	(196,835)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		213,458	410,293
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		372,278	213,458