

# Cash Flow Statement

Year ended 31 December 2006

Note	2006 RMB'000	2005 RMB'000
<b>Cash flows from operating activities</b>		
Profit/(loss) before income tax	2,969	(85,021)
Adjustments for:		
Depreciation	382,801	284,888
Amortisation of intangible assets	3,491	—
Amortisation of land lease prepayments	769	769
Loss on disposal of property, plant and equipment	1,392	2,068
Construction in progress written off	10	—
(Reversal of)/provision of impairment loss on construction in progress	(1,299)	2,337
Reversal of allowance for bad and doubtful debts	(22)	—
Allowance for inventories	13,186	7,056
Fair value loss/(gain) on interest rate swap	224	(2,840)
Interest expenses	57,922	33,427
Interest income	(11,104)	(393)
<b>Operating profit before working capital changes</b>	<b>450,339</b>	<b>242,291</b>
Increase in accounts and notes receivables	(13,516)	(68,860)
Increase in inventories	(101,917)	(44,635)
Decrease/(increase) in prepayments, deposits and other receivables	9,750	(1,724)
Increase in balances with related companies	(5,787)	(7,123)
Increase/(decrease) in accounts payable	8,144	(26,521)
Increase/(decrease) in accrued liabilities and other payables	29,992	(11,833)
<b>Cash flows from operations</b>	<b>377,005</b>	<b>81,595</b>
Interest paid	(57,922)	(33,427)
Interest received	3,733	393
Refund of prepaid income tax	—	7,441
<b>Net cash inflow from operating activities</b>	<b>322,816</b>	<b>56,002</b>

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

# Cash Flow Statement

Year ended 31 December 2006

	Note	2006 RMB'000	2005 RMB'000
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment, construction in progress and intangible assets		(208,943)	(788,148)
Interest capitalised attributable to construction of qualifying assets		(231)	(5,550)
Total additions of property, plant and equipment, construction in progress and intangible assets		(209,174)	(793,698)
Payment of land lease prepayment		(10,000)	—
Proceeds from disposal of property, plant and equipment		784	323
<b>Net cash outflow from investing activities</b>		<b>(218,390)</b>	<b>(793,375)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of new shares	24	775,776	—
Share issue expenses	24	(81,910)	—
Payment of proceeds from Sale H shares to National Social Security Fund	24	(62,699)	—
New bank loans		159,912	1,663,941
Repayment of bank loans		(604,404)	(866,618)
<b>Net cash inflow from financing activities</b>		<b>186,675</b>	<b>797,323</b>
<b>Net increase in cash and cash equivalents</b>		<b>291,101</b>	<b>59,950</b>
Cash and cash equivalents at beginning of year		105,886	45,936
<b>Cash and cash equivalents at end of year</b>		<b>396,987</b>	<b>105,886</b>
<b>Analysis of balances of cash and cash equivalents</b>			
Cash and bank balances	21	149,546	105,886
Non-pledged time deposits	21	247,441	—
		<b>396,987</b>	<b>105,886</b>

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