

Consolidated Cash Flow Statement

For the year ended 31 December 2006

	2006 RMB'000	2005 RMB'000
Operating activities		
Profit before taxation	293,829	196,663
Adjustments for:		
Depreciation	15,970	12,024
Amortisation of intangible assets	120	120
Interest income	(6,171)	(3,351)
Finance costs	27,048	23,353
Share of losses of a jointly controlled entity	80	187
Loss on disposal of property, plant and equipment	41	39
Changes in fair value on trading securities	–	(887)
Income from sales of trading securities	(6,449)	–
Operating profit before changes in working capital	324,468	228,148
Increase in inventories	(251,800)	(214,025)
Increase in trade receivables, prepayments and other receivables	(86,719)	(970)
Increase in trade and other payables and non-current payables	71,657	134,413
Cash generated from operations	57,606	147,566
Income tax paid	(68,184)	(49,365)
Net cash (used in)/generated from operating activities	(10,578)	98,201

The notes on pages 44 to 95 form part of these financial statements.

Consolidated Cash Flow Statement *(Continued)*

For the year ended 31 December 2006

	2006 RMB'000	2005 RMB'000
Investing activities		
Payment for purchase of property, plant and equipment	(140,451)	(12,688)
Payment for purchase of intangible assets	–	(23,083)
Proceeds from disposal of property, plant and equipment	111	74
(Net cash out flow)/cash acquired from acquisition of subsidiaries, net of cash paid	(172,037)	965
Interest income received	6,171	3,351
Payment for addition in a jointly controlled entity	–	(5,000)
Decrease/(increase) in pledged bank deposits	53,117	(130,025)
Payment for purchase of trading securities	–	(41,905)
Proceeds from disposal of trading securities	49,241	–
Net cash used in investing activities	(203,848)	(208,311)
Financing activities		
Net proceeds from shares issued under the Offering and Placement and the over-allotment option related to the Placement	–	364,253
Net proceeds from issue of new shares	454,606	–
Capital contribution from minority shareholders	27,435	14,850
Proceeds from bank loans	592,282	612,000
Repayment of bank loans	(623,818)	(696,198)
Finance costs paid	(27,048)	(23,473)
Dividend paid to shareholders	(49,800)	(92,150)
Dividend paid to minority shareholders	(3,028)	(4,850)
Net cash generated from financing activities	370,629	174,432
Net increase in cash and cash equivalents	156,203	64,322
Cash and cash equivalents at 1 January	142,502	78,180
Effect of foreign exchange rate changes	(4,032)	–
Cash and cash equivalents at 31 December	294,673	142,502

The notes on pages 44 to 95 form part of these financial statements.