

Consolidated cash flow statement

For the year ended 31 December 2006
(Expressed in Renminbi)

Note	2006 RMB'000	2005 RMB'000
Operating activities		
Profit before taxation	158,437	124,334
Adjustments for:		
— Depreciation	10,124	7,856
— Impairment losses for bad and doubtful debts	1,629	—
— Amortisation of lease prepayments	250	250
— Amortisation of intangible assets	10,550	12,067
— Finance costs	9,500	12,217
— Interest income	(4,878)	(912)
— (Gain)/loss on disposal of property, plant and equipment	(1)	2
— Equity-settled share-based payment expenses	11,731	—
Operating profit before changes in working capital	197,342	155,814
Increase in inventories	(21,119)	(5,171)
Increase in trade and other receivables	(148,137)	(124,411)
Increase in trade and other payables	22,032	39,467
Cash generated from operations	50,118	65,699
PRC income tax paid	(6,707)	(4,878)
Net cash generated from operating activities	43,411	60,821
Investing activities		
Payment for purchase of property, plant and equipment and construction in progress	(22,842)	(15,193)
Payment for acquisition of interests in leasehold land held for own use under operating leases	(27,973)	—
Proceeds from disposal of property, plant and equipment	149	104
Expenditure on development projects	(17,524)	(7,901)
Advances/payments to related parties	(2,838)	(51,554)
Repayment of advances to related parties	—	50,998
Interest received	4,878	912
Net cash used in investing activities	(66,150)	(22,634)

Consolidated cash flow statement

For the year ended 31 December 2006
(Expressed in Renminbi)

	Note	2006 RMB'000	2005 RMB'000
Financing activities			
Net proceeds from issuance of shares for placing and public offering		—	178,795
Proceeds from new bank loans		192,300	150,740
Proceeds from issuance of convertible bonds		—	41,141
Repayment of bank loans		(143,340)	(172,545)
Dividends paid to the then equity holder of a subsidiary		—	(35,000)
Dividends paid to equity shareholders of the Company		(38,818)	—
Interest paid		(9,167)	(8,773)
Other borrowing costs paid		(333)	(956)
Increase in pledged deposits		(19,346)	(10,226)
Net cash (used in)/generated from financing activities		(18,704)	143,176
Net (decrease)/increase in cash and cash equivalents		(41,443)	181,363
Cash and cash equivalents at 1 January		206,434	25,984
Effect of foreign exchange rate changes		(6,809)	(913)
Cash and cash equivalents at 31 December	21	158,182	206,434

The notes on pages 48 to 108 form part of these financial statements.