

For the year ended 31 December 2006

| | 2006 | 2005 |
|--|------------------|----------|
| | RMB'000 | RMB'000 |
| Operating activities | | |
| Profit before taxation | 159,509 | 114,503 |
| Adjustments for: | | |
| Interest income | (3,305) | (90) |
| Interest expenses | 8,902 | 6,273 |
| Depreciation | 29,253 | 18,471 |
| Operating lease rentals in respect of land use rights | 473 | 279 |
| | <hr/> | <hr/> |
| Operating cash flows before movements in working capital | 194,832 | 139,436 |
| Increase in inventories | (22,853) | (65,281) |
| Increase in trade and other receivables | (29,006) | (85,832) |
| Decrease in amounts due from directors | - | 10,330 |
| Decrease in trade and other payables | (22,651) | (5,094) |
| Effect of foreign exchange rate changes on inter-company balances | (1,758) | - |
| | <hr/> | <hr/> |
| Cash from (used in) operations | 118,564 | (6,441) |
| Tax paid | (17,352) | (3,593) |
| | <hr/> | <hr/> |
| Net cash from (used in) operating activities | 101,212 | (10,034) |
| | <hr/> | <hr/> |
| Investing activities | | |
| Interest received | 3,305 | 90 |
| Purchase of property, plant and equipment | (197,779) | (23,687) |
| Purchase of land use rights | (9,304) | (2,949) |
| Deposits paid for acquisition of property, plant and equipment | (20,905) | (16,758) |
| Decrease in pledged bank deposits | 2,824 | 3,236 |
| | <hr/> | <hr/> |
| Net cash used in investing activities | (221,859) | (40,068) |
| | <hr/> | <hr/> |

CONSOLIDATED CASH FLOW STATEMENT

CO-PROSPERITY HOLDINGS LIMITED

For the year ended 31 December 2006

| | 2006 | 2005 |
|--|-----------------|----------|
| | RMB'000 | RMB'000 |
| Financing activities | | |
| Interest paid | (8,902) | (6,273) |
| Dividends paid | (8,000) | – |
| Repayment to a director | – | (21,194) |
| Proceeds from issue of shares | 168,003 | – |
| Expenses paid in connection with the issue of new shares | (14,941) | – |
| Repayment of obligations under finance leases | (325) | – |
| Other short-term loans raised | – | 17,720 |
| Repayment of other short-term loans | (17,720) | – |
| Bank loans raised | 34,600 | 123,292 |
| Repayment of bank loans | (6,185) | (61,996) |
| Repayment of mortgage loan | (494) | (530) |
| | <hr/> | <hr/> |
| Net cash from financing activities | 146,036 | 51,019 |
| | <hr/> | <hr/> |
| Increase in cash and cash equivalents | 25,389 | 917 |
| Cash and cash equivalents at 1 January | 20,252 | 19,282 |
| Effect of foreign exchange rate changes | (64) | 53 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at 31 December | 45,577 | 20,252 |
| | <hr/> | <hr/> |
| Analysis of the balances of cash and cash equivalents | | |
| Bank balances and cash | 45,577 | 20,252 |
| | <hr/> | <hr/> |