

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2006

	Note	Year ended 31 December	
		2006 RMB'000	2005 RMB'000
<b>Cash flows from operating activities</b>			
Profit before income tax expense		19,767	65,542
Adjustments for:			
Impairment loss on property, plant and equipment		735	–
Depreciation of property, plant and equipment		12,267	9,928
Gain on disposal of property, plant and equipment, net		(6,989)	–
Loss/(gain) on disposal of investment properties		234	(1,704)
Fair value gains on investment properties		–	(4,637)
Transfer from equity on disposal of investment properties		(557)	–
Amortisation of leasehold land and land use rights		265	106
Loss on disposal of leasehold land and land use right		2,043	–
Amortisation of trademarks and franchise contract		300	5
Expense of share-based payments		965	1,279
Effect of foreign exchange rate changes		(934)	–
Interest income		(959)	(737)
Interest expenses		2,238	477
<b>Operating profit before working capital changes</b>		<b>29,375</b>	<b>70,259</b>
Increase in other assets		(6,851)	–
Increase in inventories		(20,645)	(10,847)
Increase in trade receivables		(26,012)	(8,749)
Increase in deposits, prepayments and other receivables		(21,766)	(29,972)
(Increase)/decrease in amounts due from related parties		(1,413)	418
Decrease/(increase) in amount due from a director		5	(5)
Increase in amounts due to related parties		23,207	–
Increase in trade payables		52,213	11,274
Increase/(decrease) in accruals and other payables		(15,237)	5,303
Increase/(decrease) in amounts due to directors		15,047	(192)
<b>Cash generated from operations</b>		<b>27,923</b>	<b>37,489</b>
Income tax paid		(4,644)	(8,220)
Interest paid		(2,238)	(477)
<b>Net cash inflow from operating activities</b>		<b>21,041</b>	<b>28,792</b>

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For the year ended 31 December 2006

	<i>Note</i>	<b>2006</b> <b>RMB'000</b>	2005 RMB'000
<b>Investing activities</b>			
Purchase of other intangible assets		(17)	–
Decrease in term deposit		18,852	–
Purchase of property, plant and equipment		(33,102)	(37,126)
Proceeds from disposal of property, plant and equipment		15,740	1,110
Purchase of leasehold land and land use right		(6,204)	–
Interest received		959	737
Acquisition of subsidiaries and businesses	32	(24,484)	(2,627)
Proceeds from disposal of investment properties		6,332	2,935
<b>Net cash used in investing activities</b>		<b>(21,924)</b>	<b>(34,971)</b>
<b>Financing activities</b>			
Contribution by minority shareholders		7,550	–
Share issuance expenses		–	(11,760)
Dividends paid		(33,730)	(40,762)
New long-term bank loans		17,999	–
New short-term bank loans		4,901	46,927
Repayment of short-term bank loans		(10,051)	(51,000)
Proceeds from share issuance		5,539	99,640
<b>Net cash (used in)/generated from financing activities</b>		<b>(7,792)</b>	<b>43,045</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(8,675)</b>	<b>36,866</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>74,616</b>	<b>37,750</b>
<b>Cash and cash equivalents at end of year</b>	27	<b>65,941</b>	<b>74,616</b>