

# Consolidated Cash Flow Statement

For the year ended 31 December 2004

|  | 2004<br>RMB'000 | 2003<br>RMB'000 |
|--|-----------------|-----------------|
| <b>PROFIT BEFORE TAXATION</b>  | <b>60,160</b>   | 40,830          |
| <b>ADJUSTMENTS FOR:</b>  |                 |                 |
| Interest income  | (288)           | (201)           |
| Interest expenses  | 5,375           | 3,272           |
| Depreciation and amortisation  | 8,159           | 8,492           |
| Loss on disposal of property, plant and equipment                          | 142             | 214             |
| Exchange adjustment  | 150             | (57)            |
| <b>OPERATING PROFIT BEFORE WORKING</b>                                     |                 |                 |
| <b>CAPITAL CHANGES</b>   | <b>73,698</b>   | 52,550          |
| Increase in inventories  | (36,345)        | (15,444)        |
| Increase in trade receivables, prepayments, deposits and other receivables | (46,430)        | (33,274)        |
| Increase in trade payables, other payables and accruals                    | 19,463          | 12              |
| Decrease in amount due to ultimate holding company                         | (34)            | (12,293)        |
| <b>CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>                     | <b>10,352</b>   | (8,449)         |
| PRC enterprise income tax paid   | (4,931)         | (3,019)         |
| <b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>                 | <b>5,421</b>    | (11,468)        |
| <b>INVESTING</b>   |                 |                 |
| Proceeds on disposal of property, plant and equipment                      | 3,638           | –               |
| Purchase of property, plant and equipment                                  | (22,538)        | (5,285)         |
| Interest received  | 288             | 201             |
| Decrease in pledged bank deposits  | –               | 2,487           |
| <b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>                          | <b>(18,612)</b> | (2,597)         |
| <b>NET CASH OUTFLOW BEFORE FINANCING</b>                                   | <b>(13,191)</b> | (14,065)        |

# Consolidated Cash Flow Statement *(Continued)*

For the year ended 31 December 2004

|  | 2004<br>RMB'000 | 2003<br>RMB'000 |
|--|-----------------|-----------------|
| <b>FINANCING</b>   |                 |                 |
| New borrowings raised  | 772,028         | 510,655         |
| New issue on public listing, net of share issue expenses     | 46,556          | —               |
| Repayment of borrowings                                      | (728,704)       | (444,654)       |
| Repayment to ultimate holding company                        | —               | (10)            |
| Dividend/Repayment to minority shareholders of a subsidiary  | (2,867)         | (1,800)         |
| Dividend paid  | —               | (31,500)        |
| Interest paid  | (5,375)         | (6,368)         |
| <b>NET CASH INFLOW FROM FINANCING</b>                        | <b>81,638</b>   | <b>26,323</b>   |
| <b>INCREASE IN CASH AND CASH EQUIVALENTS</b>                 | <b>68,447</b>   | <b>12,258</b>   |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>    | <b>35,034</b>   | <b>22,776</b>   |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>          | <b>103,481</b>  | <b>35,034</b>   |
| <b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b> |                 |                 |
| Cash and bank balances                                       | 103,481         | 35,034          |

The notes on pages 26 to 47 form an integral part of these financial statements.