CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2005

	2005 **RMB'000**	2004 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**72,667**	74,768
Adjustments for:		
Depreciation of property, plant and equipment	**13,697**	9,618
Amortisation of intangible assets	**1,000**	1,000
Write off of intangible assets	**400**	—
Write off of deferred expenses	**1,577**	—
Impairment loss of machinery and equipment	**2,500**	—
Interest expenses	**557**	114
Bank interest income	**(417)**	(344)
Operating profit before working capital changes	**91,981**	85,156
Amortisation of prepaid operating lease payment	**1,202**	1,162
Increase in deferred payment on employment contracts	**—**	(2,838)
Increase in inventories	**(33,705)**	(13,478)
Increase in trade and other receivables	**(3,812)**	(39,800)
Increase in trade and other payables	**43,970**	9,559
Prepayment related with acquisition of land use rights	**(7,220)**	—
Cash generated from operations	**92,416**	39,761
Interest paid	**(557)**	(114)
Interest received	**417**	344
PRC income tax paid	**(8,029)**	(8,964)
Net cash from operating activities	**84,247**	31,027
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(27,998)**	(86,734)
Deposits paid for acquisition of plant and machineries	**(13,604)**	(10,870)
Receipt of held-to-maturity security	**—**	1,064
Refund of deferred expenses	**1,261**	—
Net cash used in investing activities	**(40,341)**	(96,540)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares upon placing	**—**	58,488
Proceeds from issuance of shares upon exercising share options	**—**	1,846
Share issuance expenses	**—**	(1,378)
Advance from a related company	**—**	1,138
Dividend paid	**(17,700)**	(19,733)
Net cash (outflow) / inflow from financing activities	**(17,700)**	40,361
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**26,206**	(25,152)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**114,562**	139,665
Translation differences	**(548)**	49
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		
Cash and bank balances	**140,220**	114,562

The notes on pages 36 to 65 form an integral part of these financial statements.