

## Consolidated Cash Flow Statement

For the year ended 31 December 2006

	Note	2006 RMB	2005 RMB
<b>Operating activities</b>			
Profit before taxation		101,790,991	70,587,787
Adjustments for:			
Depreciation		10,767,086	9,719,262
Amortisation of intangible assets		924,861	908,860
Amortisation of lease prepayments		664,192	694,103
Interest income		(3,673,892)	(1,633,775)
Interest charges		5,073,629	8,304,468
Loss on disposal of property, plant and equipment		4,684,412	119,318
Equity-settled share-based payment expenses		3,762,871	1,830,928
Foreign exchange loss		1,678,610	208,874
<b>Operating profit before changes in working capital</b>		<b>125,672,760</b>	<b>90,739,825</b>
Increase in inventories		(89,787,437)	(45,347,049)
Decrease/(increase) in trade and bills receivable		1,936,050	(23,610,460)
Decrease/(increase) in deposits, other receivables and prepayments		4,300,114	(4,900,878)
Increase in amounts due from related parties		(720,126)	(12,064,331)
Decrease/(increase) in restricted bank deposits for letters of credit and bills payable		239,422	(26,169,922)
Increase in trade and bills payable		20,031,272	53,418,447
Increase in other payables and accrued expenses		82,827	61,394,370
Increase/(decrease) in amounts due to related parties		17,603,175	(1,372,081)
Increase in provision for product warranties		1,323,759	369,161
<b>Cash generated from operations</b>		<b>80,681,816</b>	<b>92,457,082</b>
Income tax paid		(5,976,864)	(1,479,963)
<b>Net cash from operating activities</b>		<b>74,704,952</b>	<b>90,977,119</b>
<b>Investing activities</b>			
Payment for acquisition of property, plant and equipment and construction in progress		(127,431,549)	(21,798,556)
Deposits for land use right		(6,112,320)	–
Payment for intangible assets		(1,920,000)	–
Proceeds from disposal of property, plant and equipment		745,211	4,999
Interest received		3,673,892	2,447,966
<b>Net cash used in investing activities</b>		<b>(131,044,766)</b>	<b>(19,345,591)</b>

	Note	2006 RMB	2005 RMB
<b>Financing activities</b>			
Proceeds from issuance of shares:			
– Conversion of convertible redeemable bonds	27(a)	–	40,320,800
– By placing	27(a)	–	207,792,000
– Others	27(a)	–	15,709,936
Proceeds from new bank loans		<b>167,733,123</b>	140,000,000
Repayment of bank loans		<b>(125,000,000)</b>	(147,860,000)
Interest paid		<b>(5,073,629)</b>	(8,304,468)
Repayments of advances received from related parties	31(a)(vii)	–	(9,678,988)
Share issue expenses	27(a)	–	(27,862,743)
<b>Net cash from financing activities</b>		<b>37,659,494</b>	210,116,537
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(18,680,320)</b>	281,748,065
<b>Cash and cash equivalents at 1 January</b>		<b>313,066,247</b>	31,527,056
<b>Effect of foreign exchange rate changes</b>		<b>(1,678,610)</b>	(208,874)
<b>Cash and cash equivalents at 31 December</b>	20	<b>292,707,317</b>	313,066,247

The notes on pages 66 to 104 form part of these financial statements.