

Consolidated cash flow statement

for the year ended 31 December 2006

	Note	2006 RMB'000	2005 RMB'000
Profit before taxation		95,613	94,527
Adjustments for:			
- Depreciation		25,990	20,367
- Amortisation of lease prepayment		724	703
- Provision for obsolete and slow moving inventories		—	68
- Loss on disposal of property, plant and equipment		49	—
- Provision for bad and doubtful debts		509	—
- Interest expenses		17,064	13,020
- Interest income		(1,468)	(2,183)
Operating profit before changes in working capital		138,481	126,502
Increase in inventories		(12,114)	(86,297)
Increase in trade and other receivables		(97,868)	(48,688)
Increase in trade and other payables		36,196	57,701
Cash generated from operations		64,695	49,218
Interest expense paid		(17,064)	(13,020)
PRC income tax refunded/(paid)		2,341	(7,710)
Net cash from operating activities		49,972	28,488
Investing activities			
Acquisition of property, plant and equipment		(57,283)	(71,770)
Proceeds from disposal of property, plant and equipment		710	1,459
Payment for lease prepayments		(3,740)	(3,803)
Payment for the acquisition of a subsidiary in prior year		—	(63,502)
Acquisition of additional interests in a subsidiary from a minority shareholder		(1,529)	(30,743)
Interest received		1,468	2,183
(Increase)/decrease in pledged deposits		(3,121)	4,051
Net cash used in investing activities		(63,495)	(162,125)

The notes on pages 38 to 79 form part of these financial statements..

Consolidated cash flow statement (continued)

for the year ended 31 December 2006

	Note	2006 RMB'000	2005 RMB'000
Financing activities			
Proceeds from issuance of shares, net of issuance expenses		274,265	—
Capital contribution from the equity holders		—	128,489
Capital contribution from a minority shareholder		—	944
Proceeds from loans and borrowings		344,991	245,625
Repayment of loans and borrowings		(336,289)	(226,564)
Dividends paid to equity holders		—	(8,106)
Net cash generated from financing activities		282,967	140,388
Net increase in cash and cash equivalents		269,444	6,751
Cash and cash equivalents at 1 January		60,566	53,815
Cash and cash equivalents at 31 December	22	330,010	60,566

The notes on pages 38 to 79 form part of these financial statements..