

Consolidated Cash Flow Statement

For the year ended 31st December, 2006

| | 2006 RMB'000 | 2005 RMB'000 |
|---|------------------|-----------------|
| OPERATING ACTIVITIES | | |
| Profit before tax from continuing and discontinued operations | 165,871 | 124,738 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 51,097 | 45,294 |
| Amortisation of intangible assets | 2,280 | 6,962 |
| Release of prepaid lease payments | 917 | 1,348 |
| (Surplus) deficit arising on revaluation of property, plant and equipment | (147) | 215 |
| Gain on disposal of a subsidiary | (5,056) | — |
| Gain on deemed disposal of a subsidiary | — | (22,087) |
| Discount on acquisition of additional equity interest in a subsidiary | (3,140) | — |
| Discount on acquisition of a subsidiary | — | (5,061) |
| Share of results of an associate | — | 3,906 |
| Loss (gain) on disposal of property, plant and equipment | 128 | (266) |
| Impairment losses recognised in respect of bad and doubtful debts | 17,147 | 31,583 |
| Decrease in fair value of investment held for trading | — | 28 |
| Interest income | (7,249) | (1,429) |
| Interest expense | 44,910 | 38,576 |
| Operating cash flows before movements in working capital | 266,758 | 223,807 |
| Increase in prepaid lease payments | — | (6,007) |
| Increase in inventories | (68,633) | (1,156) |
| Increase in trade and other receivables | (127,998) | (194,765) |
| Increase in amounts due from related companies | (1,204) | (8,095) |
| Decrease in investment held for trading | 350 | — |
| Increase in trade and other payables | (33,773) | 161,465 |
| Increase in amounts due to related companies | 159 | 6,405 |
| Cash generated from operations | 35,659 | 181,654 |
| PRC enterprise income tax paid | (16,133) | (9,379) |
| NET CASH FROM OPERATING ACTIVITIES | 19,526 | 172,275 |

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For the year ended 31st December, 2006

| | NOTES | 2006 RMB'000 | 2005 RMB'000 |
|---|-------|------------------|------------------|
| INVESTING ACTIVITIES | | | |
| Acquisition of mining rights | | (205,171) | — |
| Purchases of property, plant and equipment | | (3,244) | (36,830) |
| Acquisition of additional equity interest in a subsidiary | | (5,800) | — |
| Acquisition of other intangible assets | | (5,747) | (8,397) |
| Consideration paid from disposal/deemed disposal of a subsidiary (net of cash and cash equivalents) | 35 | (37) | (18,840) |
| Repayment from (advance to) an associate | | 16,019 | (40,744) |
| Interest received | | 7,249 | 1,429 |
| Decrease (increase) in pledged bank deposits | | 6,516 | (24,075) |
| Proceeds on disposal of property, plant and equipment | | 1,584 | 740 |
| Repayment from (advance to) minority shareholders | | 377 | (377) |
| Repayment from directors | | 170 | 107 |
| Acquisition of a subsidiary (net of cash and cash equivalents) | 34 | — | (12,895) |
| Decrease in loans receivable | | — | 8,489 |
| NET CASH USED IN INVESTING ACTIVITIES | | (188,084) | (131,393) |
| FINANCING ACTIVITIES | | | |
| New bank and other borrowings raised | | 804,974 | 625,825 |
| Capital contributions by minority shareholders | | 21,200 | 7,758 |
| Repayment of bank and other borrowings | | (507,815) | (667,650) |
| Interest paid | | (44,910) | (38,576) |
| Dividends paid | | (22,520) | (22,884) |
| (Repayment to) advance from an associate | | (1,586) | 1,586 |
| (Repayment to) advance from minority shareholders | | (411) | 1,011 |
| NET CASH FROM (USED IN) FINANCING ACTIVITIES | | 248,932 | (92,930) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | 80,374 | (52,048) |
| CASH AND CASH EQUIVALENTS AT 1ST JANUARY | | 197,299 | 249,173 |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES | | (3,118) | 174 |
| CASH AND CASH EQUIVALENTS AT 31ST DECEMBER, represented by bank balances and cash | | 274,555 | 197,299 |