

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2006

	2006 RMB'000	2005 RMB'000
Operating activities		
Profit before taxation	154,021	174,666
Adjustments for:		
Interest income	(587)	(470)
Interest expenses	2,704	2,917
Depreciation	4,178	3,792
Loss on disposal of property, plant and equipment	15	–
Fair value change on convertible bonds	63,890	–
Operating lease rentals in respect of land use rights	252	244
Write-down of inventories	388	–
Operating cash flows before movements in working capital	224,861	181,149
Increase in inventories	(4,170)	(6,466)
Increase in trade and other receivables	(32,849)	(10,639)
Increase in trade and other payables	20,823	4,332
Cash from operations	208,665	168,376
Tax paid	(50,075)	(50,754)
Net cash from operating activities	158,590	117,622
Investing activities		
Interest received	587	470
Purchase of property, plant and equipment	(41,361)	(41,316)
Proceeds from disposal of property, plant and equipment	16	–
Purchase of land use rights	–	(462)
Purchase of patents	(2,800)	(6,300)
Product development costs paid	(3,177)	(4,800)
Net cash used in investing activities	(46,735)	(52,408)
Financing activities		
Interest paid	(2,704)	(2,917)
Dividends paid	(84,120)	(59,146)
Proceeds from issue of shares of a subsidiary	80	–
Payment to shareholders of a subsidiary upon group reorganisation	(128,083)	–
Capital contributed by shareholder	53,000	–
Capital contributed by minority owner of a subsidiary	–	9,103
Proceeds from issue of convertible bonds	142,200	–
New bank loans raised	43,000	38,000
Repayment of bank loans	(43,000)	(45,000)
Net cash used in financing activities	(19,627)	(59,960)
Increase in cash and cash equivalents	92,228	5,254
Cash and cash equivalents at 1 January	108,181	102,927
Effect of foreign exchange rate changes	(644)	–
Cash and cash equivalents at 31 December	199,765	108,181
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	199,765	108,181