

# CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2005

	Notes	2005 RMB'000	2004 RMB'000
Cash flows from operating activities			
Profit before tax and minority interests		55,826	47,467
Adjustments for:			
Finance costs	6	4,925	3,496
Interest income	4	(414)	(68)
Gain on disposal of property, plant and equipment	4	(352)	—
Loss on disposal of an associate	5	—	77
Depreciation	5	7,737	5,052
Amortisation in prepaid land lease payments	5	171	171
Amortisation of long term prepayments	5	800	187
Amortisation of goodwill on acquisition of an associate	5	—	20
Impairment of an interest in an associate	5	—	(509)
Provision/(reversal of provision) for bad and doubtful debts	5	434	(164)
Operating profit before working capital changes		69,127	55,729
Increase in inventories		(27,491)	(13,314)
Increase in trade receivables		(1,716)	(18,254)
Increase in prepayments, deposits and other receivables		(1,937)	(1,457)
Decrease in a loan to a Director		—	802
(Increase)/decrease in due from related companies		(14,166)	44,102
Increase in due from an associate		(2,473)	(660)
Increase in trade and bills payables		9,087	18,070
Increase in deferred income		1,900	—
Increase/(decrease) in other payables and accruals		5,146	(8,752)
Decrease in due to related companies		(3,951)	(200)
Cash generated from operations		33,526	76,066
Interest paid		(4,938)	(3,546)
Income tax paid		(4,298)	(5,238)
Net cash inflow from operating activities		24,290	67,282

# CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

Year ended 31 December 2005

	Notes	2005 RMB'000	2004 RMB'000
Net cash inflow from operating activities		<b>24,290</b>	67,282
Cash flows from investing activities			
Proceeds from disposal of an associate		—	917
Interest received		414	68
Acquisition of additional interest in a subsidiary		—	(8,672)
Purchases of items of property, plant and equipment		<b>(20,764)</b>	(58,174)
Additions to prepaid land lease payments		<b>(1,900)</b>	—
Additions to long term prepayments		—	(2,800)
Investment in an associate		<b>(3,026)</b>	—
Proceeds from disposal of property, plant and equipment		<b>2,135</b>	—
Net cash outflow from investing activities		<b>(23,141)</b>	(68,661)
Cash flows from financing activities			
Proceeds from issue of shares	28	<b>95,796</b>	12,477
Share issue expenses	28	<b>(18,135)</b>	—
New bank loans		<b>196,000</b>	85,000
Repayment of bank loans		<b>(213,800)</b>	(50,000)
Repayment of other loans		—	(1,210)
Dividends paid		—	(45,000)
Net cash inflow from financing activities		<b>59,861</b>	1,267
Net increase/(decrease) in cash and cash equivalents		<b>61,010</b>	(112)
Cash and cash equivalents at beginning of year		<b>21,498</b>	21,610
Effect of foreign exchange rate changes, net		<b>(1,661)</b>	—
Cash and cash equivalents at end of the year		<b>80,847</b>	21,498
Analysis of balances of cash and cash equivalents			
Cash and bank balances	22	<b>80,847</b>	21,498