

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2005

	2005 RMB'000	2004 RMB'000
Operating activities		
Profit before taxation	47,125	39,594
Adjustments for:		
Finance costs	5,211	3,593
Interest income	(230)	(96)
Depreciation of property, plant and equipment	9,550	7,547
Amortisation of intangible asset	210	85
Amortisation of prepaid lease payments	100	93
Allowance for bad and doubtful debts	92	994
(Reversal of) write-down of inventories	(103)	685
Loss on disposal of property, plant and equipment	29	79
Operating cash flows before movements in working capital	61,984	52,574
Increase in inventories	(14,455)	(51,668)
Increase in debtors, deposits and prepayments	(51,606)	(28,977)
Increase in long term prepayments	(765)	–
(Increase) decrease in amounts due from customers for contract work	(96)	2,990
Increase in amount due from immediate holding company	(400)	(17)
Increase in amount due from ultimate holding company	(535)	(855)
(Increase) decrease in amount due from a fellow subsidiary	(185)	900
Increase in creditors and accrued charges	38,151	29,850
(Decrease) increase in amounts due to customers for contract work	(6,673)	3,714
(Decrease) increase in amount due to immediate holding company	(4,420)	4,965
Increase in warranty provision	891	641
Cash generated from operations	21,891	14,117
PRC income tax paid	(4,209)	(3,549)
Net cash from operating activities	17,682	10,568

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For the year ended 31 December 2005

	2005 RMB'000	2004 RMB'000
Investing activities		
Purchase of property, plant and equipment	(4,641)	(21,223)
Acquisition of intangible asset	(357)	(789)
Decrease in pledged bank deposits	1,388	984
Interest received	230	96
Proceeds on disposal of property, plant and equipment	68	41
Increase in prepaid lease payments	-	(296)
Net cash used in investing activities	(3,312)	(21,187)
Financing activities		
Proceeds from new bank borrowings	134,838	167,570
Capital injected from a shareholder	12,433	3,394
Repayment of bank borrowings	(140,269)	(157,342)
Interest paid	(5,211)	(3,593)
Increase (decrease) in amount due to ultimate holding company	188	(216)
Net cash from financing activities	1,979	9,813
Net increase (decrease) in cash and cash equivalents	16,349	(806)
Cash and cash equivalents at beginning of the year	5,650	6,456
Cash and cash equivalents at end of the year, representing bank balances and cash	21,999	5,650