

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2005

	2005 RMB'000	2004 RMB'000 (restated)
<b>OPERATING ACTIVITIES</b>		
Profit (loss) before tax	20,239	(64,555)
Adjustments for:		
Allowance for bad and doubtful debts	15,130	7,008
Bank interest income	(1,783)	(1,844)
Depreciation and amortisation	28,887	34,029
Discount on acquisition arising from additional interest in a subsidiary	(5,211)	—
Gain on disposal of land use right	(122,723)	—
Gain on disposal of interest in an associate	(3,069)	—
Impairment loss recognized in respect of interests in associates	2,250	1,216
Impairment loss recognized in respect of construction in progress	713	—
Impairment loss recognized in respect of property, plant and equipment	170	—
Interest expenses	8,747	11,055
Loss (gain) on disposal of property, plant and equipment	18,072	(11,338)
Reversal of impairment loss on property, plant and equipment recognized in prior years	—	(4,793)
Share of results of associates	14,294	15,035
Write-down of inventories	3,999	3,291
Operating cash flows before movements in working capital	<u>(20,285)</u>	<u>(10,896)</u>
Decrease (increase) in inventories	18,730	(4,129)
Decrease in trade and bills receivables, prepayment, deposits and other receivables	12,804	20,766
Decrease (increase) in amounts due from associates	43	(2,161)
(Increase) decrease in amounts due from related companies	(554)	6,111
(Decrease) increase in trade and bills payables, other payables and accrued charges, temporary receipts and deposits for staff quarters	(11,586)	2,763
(Decrease) increase in amounts due to associates	(12,694)	7,234
Cash (used in) generated from operations	<u>(13,542)</u>	<u>19,688</u>
PRC income tax paid	(3,480)	(5,746)
<b>NET CASH (USED IN) FROM OPERATING ACTIVITIES</b>	<u><b>(17,022)</b></u>	<u><b>13,942</b></u>
<b>INVESTING ACTIVITIES</b>		
Net proceeds from disposal of land use right	100,544	—
Decrease in bank deposits	10,893	48,535
Proceeds from disposal of an associate	2,000	—
Bank interest received	1,783	1,844
Proceeds from disposals of property, plant and equipment	1,081	1,434
Increase in long-term prepayments	(34,015)	—
Acquisition from a minority shareholder	(8,600)	—
Additions to construction in progress	(7,536)	(7,363)
Purchase of property, plant and equipment	(2,207)	(5,042)
Capital injection of equity interest in an associate	(980)	—
Dividend income from an associate	—	100
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<u><b>62,963</b></u>	<u><b>39,508</b></u>
<b>FINANCING ACTIVITIES</b>		
Repayments of bank borrowings	(243,933)	(224,829)
Interest paid	(8,747)	(11,055)
Dividends paid to minority shareholders	(2,800)	(2,480)
New bank borrowings raised	197,740	195,482
Capital contribution by minority shareholder of a subsidiary	—	100
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u><b>(57,740)</b></u>	<u><b>(42,782)</b></u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u><b>(11,799)</b></u>	<u><b>10,668</b></u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<u><b>101,202</b></u>	<u><b>90,534</b></u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing   Bank balances and cash (Note 26)</b>	<u><b>89,403</b></u>	<u><b>101,202</b></u>