

Consolidated Cash Flow Statement

Year ended 31 December 2005

	2005	2004
	RMB'000	RMB'000 (restated)
Operating activities		
(Loss)/profit before taxation	(32,535)	21,089
Adjustments for:		
Interest income	(590)	(477)
Interest expenses	7,029	5,197
Loss on deemed disposal of a subsidiary (note 37)	7,990	–
Depreciation on property, plant and equipment	3,194	2,653
Gain on disposal of property, plant and equipment	(80)	(68)
Impairment loss recognised on property, plant and equipment	–	168
Amortisation on prepaid lease payments on land use rights	350	350
Allowance for inventories	7,378	–
Waiver of bank loan interests	–	(4,200)
Allowance for doubtful debts	15,926	1,810
Write-off of bad debts	16,498	958
Operating cash flows before movements in working capital	25,160	27,480
Decrease/(increase) in inventories	1,879	(4,714)
Increase in trade receivables	(31,211)	(12,385)
Decrease in prepayments and other receivables	7,243	14,798
Increase in amounts due from related companies	(4,296)	(9,919)
Increase/(decrease) in trade payables	6,333	(8,403)
(Decrease)/increase in advance receipt from customers	(9,058)	325
Increase in other payables and accruals	10,610	1,856
(Decrease)/increase in amounts due to related companies	(8,147)	6,684
Increase in amounts due to directors	3,054	860
Enterprise income tax paid	–	(564)
Net cash generated from operating activities	1,567	16,018

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Year ended 31 December 2005

	2005 RMB'000	2004 RMB'000 (restated)
Investment activities		
Purchase of property, plant and equipment	(10,835)	(37,342)
Purchase of land use rights	(38,170)	–
Proceeds from disposal of property, plant and equipment	526	1,767
Interest received	590	477
Increase in prepayment for investment in an associate	(1,087)	–
Net cash outflow from acquisition of a subsidiary (note 36)	–	(1,239)
Cash outflow from deemed disposal of a subsidiary (note 37 (c))	(3,410)	–
Net cash used in investing activities	(52,386)	(36,337)
Financing activities		
Repayment of bank loans	(133,750)	73,500
New bank loans raised	164,750	(65,900)
Dividends paid to minority shareholders	–	3,943
Interest paid	(7,029)	(5,197)
Net cash generated from financing activities	23,971	6,346
Net decrease in cash and cash equivalents	(26,848)	(13,973)
Cash and cash equivalents at beginning of the year	31,830	45,803
Effect of foreign exchange rate changes	(416)	–
Cash and cash equivalents at end of the year, represented by cash and bank balances	4,566	31,830