

Consolidated Cash Flow Statement

For the year ended 31 December 2006

	2006 RMB'000	2005 RMB'000
Operating activities		
Profit before taxation	57,370	47,125
Adjustments for:		
Finance costs	2,457	5,211
Interest income	(1,754)	(230)
Depreciation of property, plant and equipment	10,014	9,550
Amortisation of intangible asset	580	210
Amortisation of prepaid lease payments	232	100
Amortisation of long term prepayments	173	173
Allowance for bad and doubtful debts, net	7,348	92
Provision for warranty	4,639	4,482
Reversal of allowance for inventories, net	(16)	(103)
(Gain) loss on disposal of property, plant and equipment	(14)	29
Operating cash flows before movements in working capital	81,029	66,639
Decrease (increase) in inventories	11,925	(14,455)
Increase in debtors, deposits and prepayments	(4,337)	(51,606)
Increase in long term prepayments	–	(938)
Increase in amounts due from customers for contract work	(13,289)	(96)
Decrease (increase) in amount due from immediate holding company	417	(400)
Decrease (increase) in amount due from ultimate holding company	1,833	(535)
Decrease (increase) in amount due from a fellow subsidiary	185	(185)
Increase in creditors and accrued charges	14,409	38,151
Increase (decrease) in amounts due to customers for contract work	5,640	(6,673)
Decrease in amount due to immediate holding company	(1,656)	(4,420)
Decrease in warranty provision	(3,693)	(3,591)
Cash generated from operations	92,463	21,891
PRC income tax paid	(5,258)	(4,209)
Net cash from operating activities	87,205	17,682
Investing activities		
Purchase of property, plant and equipment	(19,055)	(4,641)
Deposits paid for purchase of plant and equipment	(15,866)	–
Deposit paid for acquisition of land use right	(14,073)	–
Increase in prepaid lease payments	(6,446)	–
Increase in fixed bank deposits	(4,983)	–
Acquisition of intangible assets	(1,886)	(357)
(Increase) decrease in pledged bank deposits	(1,088)	1,388
Interest received	1,754	230
Proceeds on disposal of property, plant and equipment	545	68
Net cash used in investing activities	(61,098)	(3,312)

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	2006 RMB'000	2005 RMB'000
Financing activities		
Proceeds from new bank borrowings	155,760	134,838
Proceeds from issue of new shares	81,419	–
Repayment of bank borrowings	(193,806)	(140,269)
Dividends paid	(14,000)	–
Expenses paid relating to issue of new shares	(5,557)	–
Interest paid	(2,457)	(5,211)
(Repayment to) advance from ultimate holding company	(247)	188
Capital injected from a shareholder	–	12,433
Net cash from financing activities	21,112	1,979
Net increase in cash and cash equivalents	47,219	16,349
Cash and cash equivalents at beginning of the year	21,999	5,650
Cash and cash equivalents at end of the year, representing bank balances and cash	69,218	21,999