

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2006

	2006 RMB'000	2005 RMB'000
OPERATING ACTIVITIES		
Profit before taxation	67,225	123,623
Adjustments for:		
Interest income	(2,241)	(1,015)
Finance costs	54,736	41,016
Interest subsidy	(600)	(8,400)
Allowances for bad and doubtful debts	4,640	—
Depreciation and amortization	44,967	28,258
Impairment loss on intangible assets	5,148	—
Loss on disposal of property, plant and equipment	62	—
Operating cash flows before movements in working capital	173,937	183,482
Increase in inventories	(373,461)	(113,928)
Increase in trade and other receivables	(5,180)	(56,472)
Decrease (Increase) in bills receivable	1,000	(1,000)
(Decrease) Increase in trade and other payables	(49,335)	48,313
(Decrease) Increase in bills payable	(26,688)	73,644
Net cash (used in) generated from operating activities	(279,727)	134,039
Interest received	2,241	1,015
Income tax paid	(36)	(281)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(277,522)	134,773
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(116,806)	(409,953)
Prepaid lease payments	(10,042)	(11,954)
Deposit paid for acquisition of property, plant and equipment	(6,305)	—
Decrease (increase) in pledged bank deposits	50,108	(48,526)
Purchase of intangible assets	—	(12,914)
NET CASH USED IN INVESTING ACTIVITIES	(83,045)	(483,347)

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FINANCING ACTIVITIES		
New bank and other borrowings raised	1,092,296	813,209
Proceeds from issue of shares	—	211,061
Net proceeds on issue of convertible bonds	—	158,397
Repayment of bank and other borrowings	(588,892)	(769,912)
Interest paid on bank and other borrowings	(54,736)	(41,016)
Interest subsidy received	600	8,400
Dividend paid	(30,555)	—
Repayment to related parties	(3,169)	(16,051)
Payment of share issue expenses	—	(9,397)
NET CASH FROM FINANCING ACTIVITIES	415,544	354,691
INCREASE IN CASH AND CASH EQUIVALENTS	54,977	6,117
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	60,568	54,451
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing bank balances and cash	115,545	60,568