

Consolidated Cash Flow Statement

For the year ended 31 December 2006

	2006	2005
	RMB'000	RMB'000
Operating activities		
Profit/(loss) before taxation	13,502	(32,535)
Adjustments for:		
Interest income	(1,135)	(590)
Finance costs	9,229	7,029
Loss on deemed disposal of a subsidiary (note 36)	–	7,990
Depreciation on property, plant and equipment	4,213	3,194
Gain on disposal of property, plant and equipment	(138)	(80)
Amortisation on prepaid lease payments on land use rights	911	350
(Written back of allowance)/allowance for inventories	(4,694)	7,378
Written back of allowance for bad and doubtful debts	(3,671)	–
Allowance for bad and doubtful debts	5,388	15,926
Write-off of bad debts	–	16,498
Operating cash flows before movements in working capital	23,605	25,160
Decrease in inventories	13,337	1,879
Increase in trade and bills receivables	(38,230)	(31,211)
(Increase)/decrease in prepayments and other receivables	(10,039)	7,243
Increase in amounts due from related companies	(12,522)	(4,296)
(Decrease)/increase in trade and bills payables	(9,788)	6,333
Increase/(decrease) in advance receipt from customers	5,053	(9,058)
Increase in other payables and accruals	5,592	10,610
Increase/(decrease) in amounts due to related companies	642	(8,147)
Increase in amounts due to directors	1,594	3,054
Net cash (used in)/from operating activities	(20,756)	1,567

Consolidated Cash Flow Statement*For the year ended 31 December 2006*

	2006	2005
	RMB'000	RMB'000
Investing activities		
Purchase of property, plant and equipment and expenditure on construction-in-progress	(6,422)	(10,835)
Purchase of land use rights	–	(38,170)
Proceeds from disposal of property, plant and equipment	2,312	526
Interest received	1,135	590
Increase in prepayment for investment in an associate	–	(1,087)
Increase in restricted bank balances	(3,000)	–
Cash outflow from deemed disposal of a subsidiary (note 36(c))	–	(3,410)
Acquisition of financial asset at fair value through profit or loss	(200)	–
Net cash used in investing activities	(6,175)	(52,386)
Financing activities		
Repayment of bank borrowings	(43,430)	(133,750)
New bank loans raised	81,430	164,750
Interest paid	(9,229)	(7,029)
Advance from an ultimate holding company	12,000	–
Net cash generated from financing activities	40,771	23,971
Net increase/(decrease) in cash and cash equivalents	13,840	(26,848)
Cash and cash equivalents at beginning of the year	4,566	31,830
Effect of foreign exchange rate changes	(711)	(416)
Cash and cash equivalents at end of the year	17,695	4,566
Analysis of the balances of cash and cash equivalents at end of the year,		
Bank balances and cash	17,695	4,566