

Consolidated Cash Flow Statement

For the year ended 31 December 2006

	Notes	2006 RMB'000	2005 RMB'000
OPERATING ACTIVITIES			
Profit before taxation		34,622	43,025
Adjustments for:			
Discount on acquisition		(1,710)	—
Impairment of goodwill		—	389
Impairment loss on inventories		482	—
Impairment loss on trade receivables		1,904	889
Amortisation of prepaid lease premium for land		73	53
Depreciation		6,441	3,818
Loss on disposal of property, plant and equipment		—	238
Interest income		(570)	(47)
Interest expenses		2,894	1,825
Dividend income		(384)	—
Operating cash flows before movements in working capital changes		43,752	50,190
Increase in inventories		(57,987)	(18,136)
Increase in trade and other receivables		(21,809)	(44,886)
(Increase) decrease in amounts due from related companies		(1,411)	2,136
Increase in trade and other payables		10,657	19,465
(Decrease) increase in amounts due to related companies		(3,044)	4,605
Cash (used in) generated from operations		(29,842)	13,374
PRC enterprise income tax paid		(4,597)	(4,989)
PRC enterprise income tax refunded		—	1,026
Interest paid		(2,894)	(1,825)
NET CASH (USED IN) FROM OPERATING ACTIVITIES		(37,333)	7,586
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(23,628)	(19,940)
Deposits paid for prepaid lease premium for land		(7,873)	—
Deposits paid for acquisition of property, plant and equipment		(4,406)	—
Acquisition of a subsidiary	32	(1,431)	259
Proceeds from disposal of property, plant and equipment		2,854	10
Interest received		570	47
Dividend income		384	—
Repayment from directors		4	—
NET CASH USED IN INVESTING ACTIVITIES		(33,526)	(19,624)
FINANCING ACTIVITIES			
Bank borrowings raised		127,500	71,700
Proceeds from shares issued		87,720	—
Repayment to bank borrowings		(96,200)	(59,000)
Repayment of advance from related companies		(7,477)	—
Share issue expenses		(6,057)	—
Dividend paid		(5,151)	—
Advance from directors		(2,938)	520
NET CASH FROM FINANCING ACTIVITIES		97,397	13,220
INCREASE IN CASH AND CASH EQUIVALENTS		26,538	1,182
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		7,779	6,597
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(1,272)	—
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash		33,045	7,779