

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2006

	2006 RMB'000	2005 RMB'000
OPERATING ACTIVITIES		
Profit before taxation	150,627	20,239
Adjustments for :		
Allowance for bad and doubtful debts	3,398	15,015
Bank interest income	(2,046)	(1,783)
Bad debts written off	2,221	115
Depreciation and amortisation	20,919	28,887
Loss on disposal of property, plant and equipment	83	18,072
Gain on disposal of interest in an associate	(500)	(3,069)
Gain on disposal of prepaid lease payments of land use right	(171,642)	(122,723)
Interest expenses	6,523	8,747
Share of results of associates	(3,190)	14,294
Write-down of inventories	12,310	3,999
Discount arising from acquisition of additional interest in a subsidiary	—	(5,211)
Impairment loss recognised in respect of construction-in-progress	—	713
Impairment loss recognised in respect of interest in an associate	—	2,250
Impairment loss recognised in respect of property, plant and equipment	—	170
Operating cash flows before movements in working capital	18,703	(20,285)
(Increase) decrease in inventories	(26,981)	18,730
Decrease in trade and bills receivables, prepayment, deposits and other receivables	44,326	12,804
(Increase) decrease in amounts due from associates	(1,869)	43
Increase in amounts due from related companies	(1,356)	(554)
Increase (decrease) in trade and bills payables, other payables and accrued charges and deposits for staff quarters	8,443	(11,586)
Increase (decrease) in amounts due to associates	8,385	(12,694)
Cash generated from (used in) operations	49,651	(13,542)
PRC income tax paid	(2,449)	(3,480)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	47,202	(17,022)

CONSOLIDATED CASH FLOW STATEMENT *(CONTINUED)*

FOR THE YEAR ENDED 31ST DECEMBER 2006

	2006 RMB'000	2005 RMB'000
INVESTING ACTIVITIES		
Net proceeds from disposal of land use right	249,127	100,544
Decrease in pledged bank deposits	43,919	10,893
Proceeds from disposals of property, plant and equipment	2,150	1,081
Bank interest received	2,046	1,783
Proceeds from disposal of an associate	1,548	2,000
Additions to construction-in-progress	(63,731)	(7,536)
Purchase of property, plant and equipment	(3,622)	(2,207)
Capital injection of equity interest in an associate	—	(980)
Increase in long-term prepayments	—	(34,015)
Acquisition of a subsidiary from a minority shareholder	—	(8,600)
NET CASH FROM INVESTING ACTIVITIES	231,437	62,963
FINANCING ACTIVITIES		
Repayments of bank borrowings	(124,469)	(243,933)
Interest paid	(6,523)	(8,747)
Dividends paid to minority shareholders	(2,300)	(2,800)
New bank borrowings raised	92,447	197,740
Capital contribution by minority shareholders of a subsidiary	11,161	—
New other borrowings raised	6,400	—
NET CASH USED IN FINANCING ACTIVITIES	(23,284)	(57,740)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	255,355	(11,799)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	89,403	101,202
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash (Note 26)	344,758	89,403