



Consolidated Cash Flow Statement

For the year ended 31 December 2005

	2005 HK\$'000	2004 HK\$'000 (Restated)
OPERATING ACTIVITIES		
Profit before tax	26,480	37,893
Adjustments for:		
Allowance for bad and doubtful debt	–	1,131
Amortisation of intangible assets	1,359	5,057
Amortisation of prepaid lease payments on land use rights	537	355
Deemed gain on acquisition of a subsidiary	(152)	–
Depreciation	16,655	10,964
Discount on acquisition arising from additional interest in a subsidiary	(1,578)	–
Finance costs	11,142	4,124
(Gain) loss on disposal of property, plant and equipment	(5,189)	20
Gain on disposal of investment securities	–	(7)
Impairment loss recognised in respect of assets classified as held for sale	581	–
Impairment loss recognised in respect of available-for-sale investments	12,961	–
Impairment loss recognised in respect of goodwill	4,480	–
Impairment loss recognised in respect of intangible assets	1,550	–
Interest income	(871)	(586)
Reversal of allowance for bad and doubtful debt	(61)	–
Share based payment expense	3,525	–
Share of result of an associate	113	112
Write down of inventories	5,953	559
Write-off of intangible assets	–	3,963
Operating cash flow before movements in working capital	77,485	63,585
Increase in inventories	(18,914)	(4,709)
Increase in trade and other receivables	(71,320)	(50,398)
Increase in value added tax receivable	–	(5,082)
Increase in tax recoverable	(6,031)	–
Increase in trade and other payables	7,596	8,247
Increase in value added tax payable	6,786	–
Decrease in amount due to minority shareholder of a subsidiary	–	(228)
Cash (used in) generated from operations	(4,398)	11,415
Overseas income tax paid	(3,591)	(4,866)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(7,989)	6,549



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	<i>Note</i>	2005 HK\$'000	2004 HK\$'000 (Restated)
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		15,515	141
Decrease (increase) in pledged bank balances		9,743	(8,218)
Government grants and subsidies received		3,161	1,581
Interest received		871	586
Acquisition of a subsidiary	33	297	(7,887)
Purchase of property, plant and equipment		(43,918)	(65,152)
Purchase of additional equity interest in a subsidiary		(6,754)	–
Increase in prepaid lease payments on land use rights		(6,571)	(189)
Payments for development costs		(6,151)	(4,900)
Amounts paid for registration of certain patents		(391)	(277)
Purchase of equity interest in an associate		–	(754)
Purchase of investment securities		–	(15,825)
Purchase of other investments		–	(332)
Proceeds from disposal of other investments		–	490
NET CASH USED IN INVESTING ACTIVITIES		(34,198)	(100,736)
FINANCING ACTIVITIES			
New bank borrowings raised		143,858	113,060
Repayment of bank borrowings		(115,648)	(80,757)
Dividends paid		(15,417)	(28,026)
Finance costs paid		(11,142)	(5,188)
Repayment of obligations under finance leases		(174)	–
Issue of shares by placement		–	122,400
Share issue expenses		–	(3,838)
Issue of shares on exercise of share options		–	4,372
Capital contribution from a minority shareholder of a subsidiary		–	2,288
NET CASH FROM FINANCING ACTIVITIES		1,477	124,311
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(40,710)	30,124
CASH AND CASH EQUIVALENTS AT 1 JANUARY		92,229	62,105
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		609	–
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, representing bank balances and cash		52,128	92,229