

# CONSOLIDATED CASH FLOW STATEMENT

Year ended 31st December 2005

	2005 HK\$'000	2004 HK\$'000 (restated)
Operating activities		
Loss before taxation	(59,064)	(30,303)
Adjustments for:-		
Finance costs	110	9
Interest income	(290)	(78)
(Increase)/decrease in fair value of investment properties	(58)	640
Depreciation on property, plant and equipment	12,633	14,103
Amortisation of prepaid lease payments on land use rights	326	326
Loss on written off of property, plant and equipment	32	33
Gain on disposal of property, plant and equipment	(11)	(1,115)
Impairment loss recognised on investment securities	-	25
Unrealised loss on other investments	-	132
Allowance for inventories	2,067	2,364
Increase/(decrease) in allowance for bad and doubtful debts	533	(514)
Loss on disposal of available-for-sale investments	177	-
Impairment loss recognised on freehold land and buildings in Taiwan	20,593	-
Impairment loss recognised on available-for-sales investments	1,460	-
Impairment loss recognised on financial assets at fair value through profit and loss	143	-
Operating cash flows before movements in working capital	(21,349)	(14,378)
Decrease/(increase) in inventories	10,794	(637)
Decrease/(increase) in trade and bill receivables	15,544	(3,586)
Decrease/(increase) in deposits, prepayments and other receivables	489	(1,160)
(Decrease)/increase in trade and bill payables	(3,170)	20,230
Increase/(decrease) in accruals and other payables	6,767	(16,622)
Decrease in retirement benefit obligations	(749)	(1,721)
Cash generated from/(used in) operations	8,326	(17,874)
Hong Kong profits tax paid	-	(629)
Overseas tax refunded/(paid)	33	(2)
Net cash generated from/(used in) operating activities	8,359	(18,505)

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Year ended 31st December 2005

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i> (restated)
Investing activities		
Purchase of property, plant and equipment and expenditure on construction-in-progress	(12,839)	(9,109)
Sales proceeds from disposal of property, plant and equipment	1,918	2,249
Sales proceeds from disposal of available-for-sale investments	266	-
Interest received	274	78
Net cash used in investing activities	<u>(10,381)</u>	<u>(6,782)</u>
Financing activities		
Proceeds from issue of shares	-	120
Repayment of bank loan and overdraft	(849)	(6,023)
Interest paid	(110)	(9)
Net cash used in financing activities	<u>(959)</u>	<u>(5,912)</u>
Net decrease in cash and cash equivalents	(2,981)	(31,199)
Cash and cash equivalents at 1st January	27,038	57,585
Effect of changes in exchange rate	(83)	(197)
Cash and cash equivalents at 31st December	<u><u>23,974</u></u>	<u><u>26,189</u></u>
Analysis of the balances of cash and cash equivalents		
Frozen bank balances	3,128	-
Cash and bank balances	20,846	27,038
Bank overdraft	-	(849)
	<u><u>23,974</u></u>	<u><u>26,189</u></u>