

Consolidated Cash Flow Statement

For the year ended 31 December 2005

	2005 HK\$'000	2004 HK\$'000
OPERATING ACTIVITIES		
Loss before taxation	(4,472)	(10,986)
Adjustments for:		
Write back of impairment loss recognised in respect of leasehold land and buildings	–	(1,172)
Impairment loss recognised in respect of property, plant and equipment	–	2,860
(Write back) allowance for obsolete inventories	(894)	2,943
Allowance for bad and doubtful debts	413	–
Finance costs	3,688	4,673
Interest income	(214)	(60)
Depreciation	10,577	6,006
(Gain) loss on disposal of property, plant and equipment	(1,055)	687
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Operating cash flows before movements in working capital	8,043	4,951
Increase in inventories	(3,456)	(19,660)
Increase in trade receivables	(5,890)	(13,459)
Increase in deposits, prepayments and other receivables	(892)	(1,693)
Decrease (increase) in amounts due from fellow subsidiaries	1,466	(4,943)
Increase (decrease) in trade payables	3,208	(3,355)
(Decrease) increase in other payables and accrued charges	(8,967)	16,052
Decrease in amounts due to fellow subsidiaries	(3,035)	(2,542)
Decrease in amount due to an associate	(3)	(3)
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Cash used in operations	(9,526)	(24,652)
Interest received	214	60
Finance costs paid	(3,688)	(4,113)
Overseas income taxes paid	(42)	(327)
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NET CASH USED IN OPERATING ACTIVITIES	(13,042)	(29,032)

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INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(15,256)	(18,401)
Proceeds from disposal of property, plant and equipment	<u>6,366</u>	<u>51</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(8,890)</u>	<u>(18,350)</u>
FINANCING ACTIVITIES		
New bank loans raised	–	2,162
Repayment of bank loans	(2,162)	(1,140)
Net cash (outflow) inflow from trust receipt loans	(2,528)	1,887
(Repayment to) advance from immediate holding company	(6,560)	11,244
Proceeds from issue of shares pursuant to open offer	–	75,251
Share issue expenses	<u>–</u>	<u>(1,844)</u>
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	<u>(11,250)</u>	<u>87,560</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(33,182)	40,178
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	64,973	24,316
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>(2,803)</u>	<u>479</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR – Bank balances and cash	<u><u>28,988</u></u>	<u><u>64,973</u></u>