

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2005

(Expressed in Hong Kong dollars)

Note	2005 '000	2004 (restated) '000
Operating activities		
(Loss)/profit before taxation	(365,756)	118,702
Adjustments for:		
– Amortisation of land lease premium for property held for own use	1,295	559
– Depreciation	34,682	22,927
– Finance costs	54,870	36,918
– Impairment losses for bad and doubtful debts	6,534	–
– Write-down of inventories	1,982	–
– Changes in fair value of commodity derivative contracts	(33,143)	–
– Interest income	(2,026)	(1,526)
– (Gain)/loss on disposal of fixed assets	(11)	431
– Equity-settled share-based payment expenses	11,200	2,728
– Foreign exchange gain	(72)	–
Operating (loss)/profit before changes in working capital	(290,445)	180,739
(Increase)/decrease in inventories	(324,612)	123,959
Decrease/(increase) in trade and other receivables, deposits and prepayments	33,667	(123,185)
Decrease/(increase) in other deposits	66,286	(68,308)
Decrease in amounts due from related companies	–	6,107
Decrease in amount due to a related company	(1,148)	(889)
Increase in trade and other payables	167,228	60,437
Cash (used in)/generated from operations	(349,024)	178,860
Tax paid		
– Hong Kong Profits Tax (paid)/refund	(3,501)	40
– PRC income tax paid	(1,732)	(15,029)
Net cash (used in)/from operating activities	(354,257)	163,871

	Note	2005 '000	2004 (restated) '000
Investing activities			
Payment for purchase of fixed assets		(19,593)	(58,923)
Proceeds from disposal of fixed assets		105	9,758
Payment for construction in progress		(123,236)	(207,254)
Increase in deposits paid for acquisition of fixed assets		(9,290)	(9,594)
Interest received		2,026	1,526
Net cash used in investing activities		(149,988)	(264,487)
Financing activities			
Proceeds from bank loans		2,868,252	1,449,115
Repayment of bank loans		(2,569,993)	(1,340,444)
Increase in pledged bank deposits		(38,771)	(14,904)
Interest paid		(54,870)	(36,918)
Dividend paid		(24,000)	(1,726)
Proceeds from issuance of shares by placing and public offering		-	295,200
Shares issuing costs		-	(21,577)
Net cash generated from financing activities		180,618	328,746
Net (decrease)/increase in cash and cash equivalents		(323,627)	228,130
Cash and cash equivalents at 1 January		436,689	208,559
Effect of foreign exchange rate changes		5,094	-
Cash and cash equivalents at 31 December	19	118,156	436,689

Non-cash transaction

Pursuant to the Reorganisation which resulted in the Company became the holding Company of the Group, an aggregate of 700,000,000 ordinary shares of \$0.1 each were issued in exchange for the equity interest in the subsidiaries now comprising the Group, details of which are disclosed in note 26(c)(ii).

The notes on pages 40 to 117 form part of these financial statements.