

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2005

	1 January 2005 to 31 December 2005 HK\$'000	1 July 2004 to 31 December 2004 HK\$'000 (Restated)
Cash flows from operating activities		
Profit/(loss) before taxation	981	(9,642)
<i>Adjustment for:</i>		
Interest income	(246)	(56)
Impairment recognised in respect of property, plant and equipment	–	1,135
Impairment loss recognised in respect of goodwill	2,177	–
Depreciation of property, plant and equipment	5,369	1,162
Amortisation of intangible assets and land use rights	323	–
Provision for obsolete inventories	–	1,650
Provision on trade and other receivables	2,742	4,200
Current account waived by related company	(3,892)	–
Loss/(gain) on disposal of property, plant and equipment	121	(61)
Operating cash flows before movements in working capital	7,575	(1,612)
Increase in intangible assets	(1,013)	–
Decrease in trade receivables, prepayment, deposit and other receivables	25,633	3,692
Decrease in inventories	1,747	1,859
Increase in amount due to minority shareholder	2,241	–
Increase in amounts due from related parties	(23,950)	–
Increase in amounts due to related parties	17,649	–
Decrease in trade payables, accruals, deposit received and other payables	(8,212)	(5,906)
Cash used in operations	21,670	(1,967)
Interest paid	–	(20)
<i>Net cash used in operating activities</i>	<u>21,670</u>	<u>(1,987)</u>
Cash flows from investing activities		
Interest received	246	56
Proceeds from disposal of property, plant and equipment	–	86
Purchase of property, plant and equipment	(11,921)	(1,786)
Cash effect on acquisition of subsidiaries	(58,212)	–
Increase in pledged time deposits	(98)	(20)
<i>Net cash used in investing activities</i>	<u>(69,985)</u>	<u>(1,664)</u>



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Cash flows from financing activities		
(Decrease)/increase in bank borrowings	(2,054)	283
(Repayment to)/advances from an immediate holding company	440	(963)
Repayment/(addition) of obligations under finance leases	836	(227)
	<u> </u>	<u> </u>
<i>Net cash used in financing activities</i>	<u>(778)</u>	<u>(907)</u>
Net decrease in cash and cash equivalents	(49,093)	(4,558)
Cash and cash equivalents at the beginning of the year	74,649	79,207
	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the year	25,556	74,649
	<u> </u>	<u> </u>
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	29,547	76,376
Bank overdrafts	(3,991)	(1,727)
	<u> </u>	<u> </u>
	<u>25,556</u>	<u>74,649</u>

The accompanying notes form an integral part of these financial statements.