

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2005

<i>Note</i>	2005 HK\$'000	2004 HK\$'000
OPERATING ACTIVITIES		
Loss before taxation	(42,541)	(18,807)
Adjustments for:		
Depreciation of property, plant and equipment	8,562	8,324
Allowance for bad and doubtful debts	7,903	2,988
Loss (gain) on disposal of property, plant and equipment	6,560	(415)
Allowance for inventories	4,810	2,705
Share-based payment expense	826	–
Amortisation of intangible assets	720	706
Finance costs	262	198
Loss on disposal of investments held for trading	200	–
Release of negative goodwill	(48)	–
Interest income	(9)	(4)
Operating cash flows before movements in working capital	(12,755)	(4,305)
(Increase) decrease in inventories	(3,044)	7,063
Increase in trade and other receivables	(8,813)	(1,954)
Increase in trade and other payables	2,969	482
Cash (used in) generated from operations	(21,643)	1,286
Income taxes paid	–	(25)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(21,643)	1,261
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,621)	(40)
Acquisition of investments held for trading	(3,514)	–
Acquisition of a subsidiary	(1,990)	–
Proceeds from disposal of investments held for trading	3,314	–
Proceeds from disposals of property, plant and equipment	460	915
Interest received	9	4
Additions of intangible assets	–	(3,531)
NET CASH USED IN INVESTING ACTIVITIES	(6,342)	(2,652)

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FINANCING ACTIVITIES		
Proceeds from issue of shares	23,950	9,440
New bank borrowings raised	1,063	2,959
Share issue expenses	(405)	(271)
Interest paid	(262)	(198)
Repayment of obligations under finance leases	(85)	–
Repayment of bank borrowings	–	(6,739)
NET CASH FROM FINANCING ACTIVITIES	24,261	5,191
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,724)	3,800
CASH AND CASH EQUIVALENTS AT 1 JANUARY	5,451	2,245
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	2,764	(594)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash	4,491	5,451