

# CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2005

	Notes	2005 HK\$'000	2004 HK\$'000 (restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		(1,871,446)	(304,205)
Adjustments for:			
Interest income, other than from loans receivable	9	(16,522)	(16,469)
Interest expense	11	20,867	20,252
Depreciation	10	113,240	64,731
Prepaid land lease recognised	10	548	390
Amortisation of intangible assets	10	22,416	1,292
Loss on disposal of property, plant & equipment	10	6,072	901
Equity-settled share option expenses	10	7,737	–
Impairment loss of trade receivables and other receivables		50,367	–
Excess over the cost of business combinations in the acquisition of minority interest	9	(6,812)	–
Negative goodwill recognised		–	(41,398)
Gain on disposal of a subsidiary		–	(1,268)
Written back on impairment of property, plant and equipment		–	(239)
Unrealized exchange gain		–	(91,535)
Excess fund contributed from minority interest for the release of intellectual property royalties guarantee	9	(91,791)	–
Operating cash flow before working capital changes		(1,765,324)	(367,548)
Decrease/(increase) in inventories		322,538	(195,523)
Decrease/(increase) in trade receivables		(56,133)	29,971
Decrease/(increase) in notes receivable		(196,730)	1,184,165
Decrease in prepayments, deposits and other receivables		15,916	138,668
(Increase) in due from related companies		(296,920)	(57,072)
Decrease in trade and notes payable		(137,103)	(300,691)
Decrease in other payables and accruals		(422,771)	(374,087)
Decrease in retirement indemnities		(44,122)	–
Increase/(decrease) in amounts due to related companies		379,804	(34,184)
Decrease in long service medal		(7,103)	–
Advances on discounted notes and factored trade receivables		375,083	–
Increase in long term liabilities		–	9,052
Decrease in due to minority shareholder		(24,258)	(134)
Cash (used in)/generated from operations		(1,857,123)	32,617
Overseas taxation paid		(83,811)	–
PRC income tax received		–	5,954
Interest paid		(18,494)	(19,981)
Net cash inflow/(outflow) from operating activities		(1,959,428)	18,590

## CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2005

	Notes	2005 HK\$'000	2004 HK\$'000 (restated)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment	17	(54,203)	(180,698)
Increase in prepaid land lease payments		–	(4,872)
Acquisition of intangible assets	19	(4,509)	(3,856)
Proceeds from disposal of property, plant and equipment		2,467	2,070
Acquisition of subsidiaries		–	1,255,034
Cash contribution from minority interests		195,814	–
Increase in other long term assets		–	(3,153)
(Increase)/decrease in pledged bank deposits		(42,944)	149,981
Disposal of a subsidiary		–	(11,188)
Decrease in advance to related companies		–	94,340
Interest received		16,522	16,469
<b>Net cash inflow from investing activities</b>		<b>113,147</b>	<b>1,314,127</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		–	495,408
Proceeds from issue of convertible notes	29	185,100	–
Repayment of bank loans		(161,561)	–
New bank loans		144,095	161,449
Advance from related companies		3,514,194	4,068,383
Repayment of advance from related companies		(3,439,194)	(4,068,383)
Capital element of finance leases		–	(2,332)
Interest element on finance lease rental payments		–	(271)
Dividend paid		–	(766,506)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>242,634</b>	<b>(112,252)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,603,647)</b>	<b>1,220,465</b>
Cash and cash equivalents at beginning of year		2,005,683	697,100
Effect of foreign exchange rate changes, net		3,719	88,118
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>405,755</b>	<b>2,005,683</b>