

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2005

Note	2005 HK\$'000	2004 HK\$'000
OPERATING ACTIVITIES		
(Loss) profit before taxation	(134,012)	20,402
Adjustments for:		
Amortisation of goodwill	–	2,472
Amortisation of other intangible assets	4,560	1,239
Depreciation of property, plant and equipment	17,361	15,823
Impairment loss on property, plant and equipment	86,834	–
Allowance for bad and doubtful debts	32,972	150
Employee share-based compensation	4,400	–
Interest income	(296)	(142)
Interest expense	12,811	8,283
Gain on disposal of a subsidiary	–	(619)
(Gain) loss on disposal of property, plant and equipment	(307)	145
Release from payment for assets purchased	–	(3,510)
Operating cash flows before movements in working capital	24,323	44,243
(Increase) decrease in inventories	(17,334)	14,819
Increase in debtors, deposits and prepayments	(30,557)	(60,707)
Increase in trade and other payables	27,139	9,540
Cash generated from operations	3,571	7,895
Hong Kong Profits Tax refunded (paid)	8	(98)
Overseas tax (paid) refunded	(285)	363
NET CASH FROM OPERATING ACTIVITIES	3,294	8,160
INVESTING ACTIVITIES		
Interest received	296	142
Purchase of property, plant and equipment	(25,203)	(11,065)
Proceeds from disposal of property, plant and equipment	978	571
Proceeds from disposal of a subsidiary (net of cash and cash equivalents disposed of)	–	1,125
Product development cost and technical know-how fees incurred	(9,826)	(16,641)
NET CASH USED IN INVESTING ACTIVITIES	(33,755)	(25,868)

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FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 HK\$'000	2004 HK\$'000
FINANCING ACTIVITIES		
Interest paid	(12,811)	(8,283)
Net proceeds from issue of ordinary shares	21,266	–
Redemption of convertible notes	–	(2,300)
New bank loans raised	85,262	69,019
Repayment of bank loans	(78,154)	(37,528)
Proceeds from sale and lease back transactions	23,907	11,181
Repayments of obligations under finance leases	(17,131)	(24,341)
(Decrease) increase in bank overdrafts	(6,405)	1,106
NET CASH FROM FINANCING ACTIVITIES	15,934	8,854
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,527)	(8,854)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	35,416	43,648
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(913)	622
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	19,976	35,416
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	19,976	35,416