

Consolidated Cash Flow Statement

For the year ended 31 December 2006

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	2006 HK\$'000	2005 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	47,016	26,480
Adjustments for:		
Amortisation of intangible assets	2,351	1,359
Amortisation of prepaid lease payments on land use rights	649	537
Depreciation	18,139	16,655
Discount arising from acquisition of additional interest in a subsidiary	–	(1,578)
Finance costs	13,201	11,142
Gain on disposal of held-for-trading investments	(107)	–
Gain on deemed disposal of a subsidiary	(76)	–
Gain on disposal of intangible assets	(585)	–
Gain on disposal of a subsidiary	(81)	–
Gain on fair value changes of held-for-trading investment	(44)	–
Impairment loss recognised in respect of assets classified as held for sale	–	581
Impairment loss recognised in respect of available-for-sale investments	2,864	12,961
Impairment loss recognised in respect of goodwill	–	4,480
Impairment loss recognised in respect of intangible assets	–	1,550
Impairment loss recognised in respect of payments for pharmaceutical projects	17,538	–
Interest income	(744)	(871)
Loss (gain) on disposal of property, plant and equipment	1,822	(5,189)
Loss (gain) on deemed acquisition of a subsidiary	6	(152)
Recovery of allowance for bad and doubtful debts	(170)	(61)
Share-based payments expense	1,172	3,525
Share of result of an associate	–	113
Write down of inventories	5,078	5,953
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Operating cash flow before movements in working capital	108,029	77,485
Increase in inventories	(15,451)	(18,914)
Decrease (increase) in trade and other receivables	25,916	(71,320)
Increase in tax recoverable	–	(6,031)
Increase in trade and other payables	16,456	7,596
Increase in value added tax payable	172	6,786
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Cash generated from (used in) operations	135,122	(4,398)
Overseas income tax paid	(10,969)	(3,591)
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NET CASH FROM (USED IN) OPERATING ACTIVITIES	124,153	(7,989)

	Notes	2006 HK\$'000	2005 HK\$'000
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(54,234)	(43,918)
Proceeds from deemed disposal/disposal of subsidiaries (net of cash and cash equivalents disposed of)	33	(2,169)	–
Purchase of held-for-trading investments		(2,160)	–
(Increase) decrease in pledged bank balances		(591)	9,743
Purchase of additional equity interest in subsidiaries		(181)	(6,754)
Proceeds from sales of assets classified as held for sale		10,581	–
Government grants and subsidies received		6,404	3,161
Proceeds from sales of property, plant and equipment		3,114	15,515
Proceeds from sales of held-for-trading investments		1,767	–
Proceeds from sales of available-for-sale investments		780	–
Interest received		744	871
Proceeds from sales of intangible assets		585	–
Acquisition of a subsidiary (net of cash and cash equivalents acquired)	32	–	297
Amounts paid for registration of certain patents		–	(391)
Payments for development costs		–	(6,151)
Increase in prepaid lease payments on land use rights		–	(6,571)
NET CASH USED IN INVESTING ACTIVITIES		(35,360)	(34,198)
FINANCING ACTIVITIES			
Repayment of bank borrowings		(199,128)	(115,648)
Finance costs paid		(13,201)	(11,142)
Repayment of obligations under finance leases		(254)	(174)
New bank borrowings raised		196,815	143,858
Capital contribution by minority shareholder of a subsidiary		500	–
Dividend paid		–	(15,417)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(15,268)	1,477
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		73,525	(40,710)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		52,128	92,229
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		1,327	609
CASH AND CASH EQUIVALENTS AT 31 DECEMBER representing bank balances and cash		126,980	52,128