

For the year ended 31 December 2006

	<b>2006</b>	2005
	<b>HK\$'000</b>	HK\$'000
Operating activities		
Profit before taxation	<b>265,735</b>	152,344
Adjustments for:		
Interest income	<b>(9,082)</b>	(3,892)
Interest expense	<b>8,912</b>	5,940
Dividend income	<b>(866)</b>	(590)
Share of results of associates	<b>(2,004)</b>	1,500
Share of profits of a jointly controlled entity	<b>(4,118)</b>	(3,064)
Depreciation and amortisation	<b>70,050</b>	58,646
Gain on disposal of investment properties	–	(10,744)
Loss on disposal of property, plant and equipment	<b>958</b>	3,878
Gain on disposal of land use rights and buildings	–	(5,383)
Gain on disposal of a subsidiary	<b>(3,340)</b>	–
Gain on disposal of associates	<b>(754)</b>	–
Operating lease rentals in respect of land use rights	<b>277</b>	473
Impairment loss recognised for goodwill of an associate	<b>6,274</b>	–
(Write back of) allowance for inventories	<b>(17,587)</b>	4,560
Allowance for bad and doubtful debts	<b>8,616</b>	11,540
Change in fair value of listed investments held for trading	–	(228)
Write-off of deposits made on acquisition of investment properties	–	11,201
Effect of foreign exchange rate changes on inter-company balances	<b>(10,211)</b>	(6,887)
Operating cash flows before movements in working capital	<b>312,860</b>	219,294
Increase in inventories	<b>(251,900)</b>	(22,310)
Increase in trade and other receivables	<b>(71,997)</b>	(42,302)
Decrease (increase) in investments held for trading	<b>5,123</b>	(4,895)
Decrease in amounts due from directors	–	2,852
Increase in trade and other payables	<b>22,887</b>	39,215
Cash from operations	<b>16,973</b>	191,854
Tax paid	<b>(1,272)</b>	(873)
Net cash from operating activities	<b>15,701</b>	190,981

# Consolidated Cash Flow Statement

Annual Report 2006

NEO-NEON HOLDINGS LIMITED

For the year ended 31 December 2006

	Note	2006 HK\$'000	2005 HK\$'000
<b>Investing activities</b>			
Interest received		9,082	3,892
Dividend received		866	590
Dividend received from an associate		388	–
Purchase of investment properties		(345)	(54,179)
Proceeds from disposal of investment properties		–	52,460
Purchase of property, plant and equipment		(149,494)	(165,336)
Proceeds from disposal of property, plant and equipment and land use rights		24,504	1,104
Purchase of land use rights		(527)	–
Purchase of intangible assets		(14,680)	–
Disposal of a subsidiary	29	(6)	–
Capital contribution to an associate		–	(2,017)
Proceeds from disposal of associates		3,120	–
Deposits paid on acquisition of property, plant and equipment		(32,815)	(5,485)
Decrease (increase) in pledged bank deposits		14,144	(16,129)
<b>Net cash used in investing activities</b>		<b>(145,763)</b>	<b>(185,100)</b>
<b>Financing activities</b>			
Interest paid		(8,912)	(5,940)
Dividends paid		(120,000)	–
Proceeds from issue of new shares		1,104,000	–
Expenses incurred in connection with the issue of shares		(44,014)	–
Repayment to a director		(873)	–
Mortgage loans raised		–	62,203
Repayment of mortgage loans		(5,747)	(4,710)
Bank loans raised		88,635	32,365
Repayment of bank loans		(29,212)	(74,628)
Capital contributed by minority owners of subsidiaries		8,789	5
<b>Net cash from financing activities</b>		<b>992,666</b>	<b>9,295</b>
<b>Net increase in cash and cash equivalents</b>		<b>862,604</b>	<b>15,176</b>
Cash and cash equivalents at 1 January		293,774	277,017
Effect of foreign exchange rate changes		1,780	1,581
<b>Cash and cash equivalents at 31 December</b>		<b>1,158,158</b>	<b>293,774</b>
<b>Analysis of the balances of cash and cash equivalents</b>			
Bank balances and cash		1,158,158	293,774