

consolidated cash flow statement

Year ended 31 December 2006

HK\$ million	Notes	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		116	131
Adjustments for:			
Interest on bank loans and other borrowings	7	12	8
Interest on convertible notes	7	21	52
Interest income	5	(10)	(6)
Depreciation	6	91	77
Recognition of prepaid land lease payments	6	1	1
Amortisation of intangible assets	6	46	30
Impairment of trade receivables	6	8	14
Write-off of deferred development costs	6	14	9
Loss on disposal of items of property, plant and equipment, net	6	—	1
Provision for slow-moving and obsolete inventories	6	30	4
Write-down of inventories to net realisable value	6	—	1
Waiver of interest on the 2008 Convertible Note	6	(20)	—
Decrease in fair value of the 2007 Convertible Note	7	—	(6)
		309	316
Decrease/(increase) in inventories		46	(104)
Increase in trade and bills receivables		(25)	(83)
Decrease/(increase) in prepayments, deposits and other receivables		21	(34)
Increase/(decrease) in trade and bills payables, other payables and accruals		(115)	86
Cash generated from operations		236	181
Interest received		10	6
Interest paid		(12)	(58)
Hong Kong profits tax paid		(20)	(11)
Net cash inflow from operating activities		214	118



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Net cash inflow from operating activities		214	118
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(91)	(161)
Proceeds from disposal of items of property, plant and equipment		1	1
Additions to other intangible assets		(50)	(55)
Decrease/(increase) in pledged time deposits		(12)	24
Net cash outflow from investing activities		(152)	(191)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		118	117
Repayment of trust receipts loans, net		(40)	(2)
Repayment of bank loans		(87)	(43)
Capital element of finance lease rental payments		(2)	(2)
Net cash inflow/(outflow) from financing activities		(11)	70
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		419	422
CASH AND CASH EQUIVALENTS AT END OF YEAR			
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	368	387
Non-pledged time deposits with original maturity of less than three months when acquired	23	102	32
		470	419