

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2006

(Expressed in Hong Kong dollars)

| | Note | 2006 \$'000 | 2005 \$'000 |
|--|------|-----------------|----------------|
| Operating Activities | | | |
| Profit/(loss) before taxation | | 69,747 | (134,012) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 13 | 15,408 | 17,360 |
| Amortisation of intangible assets | 14 | 5,055 | 4,560 |
| Impairment losses on property, plant and equipment | 4 | – | 86,834 |
| Impairment losses for bad and doubtful debts | 4 | – | 32,972 |
| Non-cash loss on redemption of the Notes | | 2,800 | – |
| Share-based payment expenses | 5(b) | – | 4,400 |
| Interest income | 3 | (299) | (296) |
| Interest expense | | 16,951 | 12,811 |
| Loss/(gain) on disposal of property, plant and equipment | 3 | 137 | (307) |
| Foreign exchange gain | | (255) | – |
| Operating profit before change in working capital | | 109,544 | 24,322 |
| Increase in inventories | | (64,579) | (17,333) |
| Decrease/(increase) in trade and other receivables | | 19,360 | (30,557) |
| Increase in trade and other payables | | 6,443 | 27,139 |
| Cash generated from operations | | 70,768 | 3,571 |
| Hong Kong profits tax (paid)/refunded | | (66) | 8 |
| Taxation outside Hong Kong paid | | (87) | (285) |
| Net cash generated from operating activities | | 70,615 | 3,294 |
| Investing activities | | | |
| Interest received | | 299 | 296 |
| Payment for purchase of property, plant and equipment | | (1,912) | (25,203) |
| Payment for development costs | | (13,768) | (9,826) |
| Proceeds from disposal of property, plant and equipment | | 5,236 | 978 |
| Net cash effect from disposal of subsidiaries | 29 | 2,142 | – |
| Net cash used in investing activities | | (8,003) | (33,755) |

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| | Note | 2006 \$'000 | 2005 \$'000 |
|---|------|-----------------|----------------|
| Financing activities | | | |
| Interest paid | | (16,951) | (12,811) |
| Net proceeds from issue of new shares | | – | 21,266 |
| Proceeds from new bank and other loans | | 58,344 | 85,262 |
| Repayment of bank and other loans | | (88,010) | (78,150) |
| Proceeds from sale and lease back transactions | | – | 23,907 |
| Repayments of obligations under finance leases | 23 | (18,309) | (17,131) |
| Decrease in pledged deposit | | 1,190 | – |
| Net cash (used in)/generated from financing activities | | (63,736) | 22,343 |
| Net decrease in cash and cash equivalents | | (1,124) | (8,118) |
| Cash and cash equivalents at 1 January | | 4,256 | 13,287 |
| Effect of foreign exchange rate changes | | 121 | (913) |
| Cash and cash equivalents at 31 December | 20 | 3,253 | 4,256 |