

Consolidated Cash Flow Statement

For the year ended 31st December 2006

	2006 HK\$'000	2005 HK\$'000
OPERATING ACTIVITIES		
(Loss)profit from operating activities before tax	(114,436)	11,640
Adjustments for:		
Impairment losses on property, plant and equipment, inventories and trade receivables	112,242	–
Allowance for bad and doubtful receivables, net	11,912	2,217
Write-back on allowance for obsolete and slow moving inventories	(847)	(658)
Depreciation and amortisation of property, plant and equipment	34,398	40,694
Amortisation of prepaid lease payment	1,024	966
Loss on disposal of property, plant and equipment	147	740
Impairment loss on available-for-sale financial assets	–	233
Interest income	(639)	(466)
Interest expense	8,619	10,271
Operating cash flows before movements in working capital	52,420	65,637
Decrease in inventories	10,870	11,557
Increase in trade and other receivables	(59,772)	(107,477)
Decrease in amounts due from minority shareholders of subsidiaries	621	–
(Decrease) increase in trade and other payables	(2,173)	43,806
Decrease in bills payable	–	(15,486)
Increase in amounts due to minority shareholders of subsidiaries	–	1,020
Cash generated from (used in) operations	1,966	(943)
Hong Kong Profits Tax paid	(25)	–
PRC enterprise income tax paid	(3,158)	(4,566)
NET CASH USED IN OPERATING ACTIVITIES	(1,217)	(5,509)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(626)	(1,456)
Interest received	639	466
Decrease in pledged bank deposits	8,600	3,124
Proceeds from disposal of property, plant and equipment	12	2
NET CASH GENERATED FROM INVESTING ACTIVITIES	8,625	2,136

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FINANCING ACTIVITIES		
Repayment of borrowings	(104,415)	(100,130)
Dividends paid to minority shareholders of subsidiaries	(5,610)	(5,292)
Interest paid	(8,619)	(10,271)
Bank borrowings raised	75,500	123,059
Net borrowing from a director	(16)	1,561
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	(43,160)	8,927
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(35,752)	5,554
CASH AND CASH EQUIVALENTS AT 1 JANUARY	30,869	25,298
Effect of foreign exchange rate changes	17,990	17
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	13,107	30,869
CASH AND CASH EQUIVALENTS REPRESENT:		
Bank balances and cash	13,107	35,816
Bank overdraft	-	(4,947)
	13,107	30,869