

# Consolidated Cash Flow Statement

Year ended 31 December 2006

	Notes	2006 HK\$'000	2005 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before tax		32,132	(1,871,446)
Adjustments for:			
Share of losses of an associate		9,498	–
Deemed gain on dilution of interest in an associate	8	(32,435)	–
Interest income	8	(12,760)	(16,522)
Finance costs	10	29,118	20,867
Depreciation	9	97,801	113,240
Prepaid land lease recognised	9	587	548
Amortisation of intangible assets	9	6,475	22,416
(Gain)/loss on disposal of property, plant and equipment	9	(19,293)	6,072
Loss on retirement and disposal of intangible assets		425	–
Equity-settled share option expenses	9	15,997	7,737
(Write back)/impairment loss of trade receivables and other receivables		(44,176)	50,367
Excess over the cost of business combinations in the acquisition of minority interest	8	–	(6,812)
Excess fund contributed from minority interest for the release of intellectual property royalties guarantee	8	–	(91,791)
		<b>83,369</b>	<b>(1,765,324)</b>
Decrease in inventories		127,863	322,538
Decrease/(increase) in trade receivables		39,985	(163,114)
Decrease/(increase) in notes receivable		310,841	(196,730)
Increase in factored trade receivables		(149,502)	(106,981)
Decrease in prepayments, deposits and other receivables		146,602	15,916
Decrease/(increase) in due from related companies		118,391	(296,920)
Decrease in trade and notes payable		(527,940)	(137,103)
Decrease in other payables and accruals		(193,060)	(422,771)
Decrease in provision for warranties		(27,299)	–
(Decrease)/increase in amounts due to related companies		(129,276)	379,804
Decrease in retirement indemnities		(412)	(44,122)
Decrease in long service medal		(103)	(7,103)
(Decrease)/increase in advances on discounted notes receivables and factored trade receivables		(87,357)	589,045
Decrease in due to minority shareholder		–	(24,258)
Cash used in operations		<b>(287,898)</b>	<b>(1,857,123)</b>
Overseas taxes paid		–	(83,811)
Interest paid		(26,319)	(18,494)
Net cash outflow from operating activities		<b>(314,217)</b>	<b>(1,959,428)</b>

## Consolidated Cash Flow Statement

Year ended 31 December 2006

	Notes	2006 HK\$'000	2005 HK\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment	16	(24,987)	(54,203)
Acquisition of intangible assets	18	(1,815)	(4,509)
Proceeds from disposal of items of property, plant and equipment		56,443	2,467
Investment in an associate	20	(107,474)	–
Purchase of available-for-sale investments	21	(20,207)	–
Cash contribution from minority interests		–	195,814
Increase in other non current assets		2,869	–
Decrease/(increase) in pledged deposits		17,714	(42,944)
Interest received		12,760	16,522
Net cash inflow/(outflow) from investing activities		(64,697)	113,147
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issuance of new shares by open offer and exercise of share options		594,188	–
Expenses for issuing new shares		(6,988)	–
Proceeds from issue of convertible notes	28	–	185,100
Advance from ultimate controlling shareholder		2,562,941	3,514,194
Repayment of advance from ultimate controlling shareholder		(2,521,730)	(3,439,194)
Repayment of bank loans		(123,016)	(161,561)
New bank loans		–	144,095
Net cash inflow from financing activities		505,395	242,634
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of year		405,755	2,005,683
Effect of foreign exchange rate changes, net		(1,235)	3,719
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	25	<b>531,001</b>	<b>405,755</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:</b>			
Cash and cash equivalents		531,001	405,755