

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2006

	Notes	2006 HK\$'000	2005 HK\$'000
<b>Cash flows from operating activities</b>			
Loss before income tax		(115,835)	(228,023)
Adjustments for:			
Depreciation of property, plant and equipment		8,195	6,908
(Gain)/loss on disposal of property, plant and equipment		(14)	140
Gain on sale of land		–	(165)
Amortisation of land use rights		160	276
Impairment of property, plant and equipment		3,663	43,946
Impairment of goodwill		–	103,608
Impairment of inventories		19,584	1,853
Impairment of receivables		49,409	8,662
Loss on disposal of a subsidiary	38(a)	1,170	–
Provision for legal claims		–	609
Share based payment expenses		–	7,576
Interest income		(1,874)	(1,206)
Interest expense		4,016	2,478
Share of results of associate		–	6,235
Operating loss before working capital changes		(31,526)	(47,103)
(Increase)/decrease in inventories		(24,018)	9,952
(Increase)/decrease in trade receivables		(3,187)	1,405
(Increase)/decrease in other receivables, prepayments and deposits		(39,078)	10,031
Increase in amount due from an associate		(1,312)	–
(Decrease)/increase in trade payables		(11,815)	8,024
Increase in accruals and other payables		77,443	11,057
Increase in amounts due to related parties		851	–
Increase/(decrease) in bills payable		52,933	(13,085)
Cash generated from/(used in) operations		20,291	(19,719)
Interest paid		(4,016)	(2,478)
Income tax paid		(815)	(107)
<i>Net cash generated from/(used in) operating activities</i>		<b>15,460</b>	<b>(22,304)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(10,053)	(11,713)
Proceeds from sales of property, plant and equipment		4,004	890
Proceeds from disposal of a subsidiary (net of cash and cash equivalents disposed)	38(a)	6,797	–
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	38(b)	–	20,674
Proceed from sale of land		–	1,801
Interest received		1,874	610
Acquisition of an associate		–	(7,680)
<i>Net cash generated from investing activities</i>		<b>2,622</b>	<b>4,582</b>
<b>Cash flows from financing activities</b>			
Share issue expenses		–	(2,868)
Proceeds of borrowings		16,080	19,056
Repayment of borrowings		(20,496)	(41,695)
Increase in amounts due to related companies		14,918	18,600
(Increase)/decrease in pledged bank deposits		(14,877)	12,505
<i>Net cash (used in)/generated from financing activities</i>		<b>(4,375)</b>	<b>5,598</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>13,707</b>	<b>(12,124)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>19,611</b>	<b>31,828</b>
<b>Effect of exchange rate fluctuation</b>		<b>(7,368)</b>	<b>(93)</b>
<b>Cash and cash equivalents at 31 December</b>		<b>25,950</b>	<b>19,611</b>