

Consolidated Cash Flow Statement

Year ended 31 December 2005

	Notes	2005 HK\$'000	2004 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		60,318	51,195
Adjustments for:			
Interest income	4 & 5	(713)	(87)
Finance costs	6	2,979	2,048
Gain on disposal of an associate	4 & 5	—	(1,011)
Depreciation	5	2,863	2,700
Amortisation of patents and licences	14	3,408	—
Amortisation of product development costs	14	1,771	2,239
Loss on disposal of items of property, plant and equipment	5	85	132
Provision for other receivables	5	—	561
Write-back of provision for trade receivables	5	(2,027)	—
Equity-settled share option expense	5	3,741	—
Operating profit before working capital changes		72,425	57,777
Increase in inventories		(36,040)	(8,930)
Increase in trade receivables		(3,710)	(3,488)
Increase in prepayments, deposits and other receivables		(96,775)	(68,246)
(Increase)/decrease in an amount due from a related company		258	(258)
(Increase)/decrease in amounts due from directors		893	(1,094)
Increase/(decrease) in trade payables		11,141	(3,439)
Increase/(decrease) in notes payable		78,168	(8,511)
Increase in other payables and accruals		36,726	36,943
Increase/(decrease) in amounts due to related companies		106	(3,364)
Increase/(decrease) in amounts due to directors		64	(1,739)
Cash generated from/(used in) operations		63,256	(4,349)
Tax paid		—	(31)
Net cash inflow/(outflow) from operating activities		63,256	(4,380)

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Year ended 31 December 2005

	Notes	2005 HK\$'000	2004 HK\$'000
Net cash inflow/(outflow) from operating activities		63,256	(4,380)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		713	87
Purchases of property, plant and equipment	13	(3,614)	(2,835)
Additions to product development costs	14	(5,616)	(3,520)
Additions to patents and licences	14	(17,543)	—
Increase in pledged time deposits	21	(19,187)	(22,117)
Disposal of an associate		—	1,410
Net cash outflow from investing activities		(45,247)	(26,975)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares	27 & 29	48,300	86,000
Share issue expenses	29	(1,334)	(16,528)
New bank loans		148,006	77,075
Repayment of bank loans		(173,955)	(50,381)
Interest paid		(2,979)	(2,048)
Dividends paid		(12,000)	—
Net cash inflow from financing activities		6,038	94,118
NET INCREASE IN CASH AND CASH EQUIVALENTS		24,047	62,763
Cash and cash equivalents at beginning of year		80,352	17,589
Effect of foreign exchange rate changes, net		5,207	—
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	109,606	80,352
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	99,995	53,883
Non-pledged time deposits with original maturity of less than half a year		9,611	26,469
		109,606	80,352