

# Consolidated Cash Flow Statement

For the year ended 31 December 2006

	2006 HK\$'000	2005 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(32,840)	(30,159)
Adjustments for:		
Finance costs	6,570	1,418
Interest income	(239)	(40)
Gain on deregistration of an associate	–	(299)
Bad debts written off	62	–
Depreciation	8,580	7,674
Write down of inventories	5,812	–
Loss on disposal of property, plant and equipment	944	–
Amortisation of prepaid land lease payments	169	170
Property, plant and equipment written off	152	12
Reversal of allowance for impairment of receivables	(2,155)	(2,040)
Operating loss before working capital changes	(12,945)	(23,264)
(Increase)/decrease in inventories	(15,725)	5,429
(Increase)/decrease in trade and other receivables	(11,446)	4,927
Decrease/(increase) in amount due from a fellow subsidiary	511	(511)
Increase in trade and other payables	15,751	2,068
Cash used in operations	(23,854)	(11,351)
Income taxes paid	(38)	(520)
Interest paid	(366)	(1,418)
Net cash used in operating activities	(24,258)	(13,289)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of a subsidiary	–	(27,046)
Interest received	239	40
Purchases of property, plant and equipment	(3,767)	(2,893)
Proceeds from disposal of property, plant and equipment	1,628	511
Net cash used in investing activities	(1,900)	(29,388)

# Consolidated Cash Flow Statement

For the year ended 31 December 2006

	2006 HK\$'000	2005 HK\$'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from rights issue	–	54,000
Rights issue expenses paid	–	(1,303)
Proceeds from issue of shares	<b>17,280</b>	–
Share issue expenses paid	<b>(590)</b>	–
New other loan	–	10,000
Repayment of other loan	<b>(10,000)</b>	–
Repayment of bank loans	–	(45,911)
Net repayment of trust receipt loans	–	(26,867)
Payment of finance lease payables	–	(196)
Advance from immediate holding company	–	69,543
Advance from/(repayment to) a minority shareholder of a subsidiary	<b>686</b>	(217)
Dividend paid to minority shareholder of a subsidiary	<b>(196)</b>	–
Net cash generated from financing activities	<b>7,180</b>	59,049
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(18,978)</b>	16,372
Effect of foreign exchange rate changes, net	<b>121</b>	(294)
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>27,471</b>	11,393
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>8,614</b>	27,471
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Bank and cash balances	<b>8,614</b>	27,472
Bank overdrafts	–	(1)
	<b>8,614</b>	27,471