

# Consolidated Cash Flow Statement

Year ended 31 December 2006

	Notes	2006 HK\$'000	2005 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		53,684	60,318
Adjustments for:			
Bank interest income	5	(1,811)	(713)
Finance costs	7	9,455	2,979
Depreciation	6	4,830	2,863
Amortisation of patents and licences	6	7,242	3,408
Amortisation of product development costs	6	3,234	1,771
Recognition of prepaid land lease payments	15	255	—
Loss on disposal of items of property, plant and equipment	6	943	85
Provision for trade receivables	6	2,337	—
Write-back of provision for trade receivables	6	—	(2,027)
Equity-settled share option expense	6	4,736	3,741
		84,905	72,425
Increase in inventories		(183,707)	(36,040)
Increase in trade receivables		(60,532)	(3,710)
Increase in prepayments, deposits and other receivables		(115,472)	(96,775)
Decrease in an amount due from a related company		—	258
(Increase)/decrease in amounts due from Directors		(390)	893
Increase in trade payables		33,826	11,141
Increase/(decrease) in bills payable		(5,397)	78,168
Increase in other payables and accruals		84,461	36,726
Increase in an amount due to a related company		4	106
Increase/(decrease) in amounts due to Directors		(147)	64
		(162,449)	63,256
Cash generated from/(used in) operations		(162,449)	63,256
Tax paid		(6,360)	—
		(168,809)	63,256
Net cash inflow/(outflow) from operating activities		(168,809)	63,256

# Consolidated Cash Flow Statement

Year ended 31 December 2006

	Notes	2006 HK\$'000	2005 HK\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Bank interest received	5	1,811	713
Purchases of property, plant and equipment	14	(93,830)	(3,614)
Additions to product development costs	16	—	(5,616)
Additions to patents and licences	16	(6,489)	(17,543)
Additions to prepaid land lease payments	15	(12,130)	—
Increase/(decrease) in pledged time deposits		4,264	(19,187)
Net cash outflow from investing activities		(106,374)	(45,247)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of ordinary shares	29	56,268	48,300
Share issue expenses	31	(2,768)	(1,334)
New bank loans		376,328	148,006
Repayment of bank loans		(172,191)	(173,955)
Interest paid		(9,455)	(2,979)
Dividends paid		(14,946)	(12,000)
Net cash inflow from financing activities		233,236	6,038
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of year		109,606	80,352
Effect of foreign exchange rate changes, net		15,780	5,207
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	23	<b>83,439</b>	109,606
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	23	83,439	99,995
Non-pledged time deposits with original maturity of less than half a year		—	9,611
		<b>83,439</b>	109,606