

Consolidated Cash Flow Statement

For the year ended 31 December 2006

	2006 HK\$'000	2005 HK\$'000
OPERATING ACTIVITIES		
Loss before taxation	(117,496)	(9,454)
Adjustments for:		
Share-based payment expense	70	–
Share of loss of an associate	2,563	5
Amortisation of intangible assets	1,837	1,826
Depreciation of property, plant and equipment	12,914	8,508
Release of prepaid lease payments	21	21
Gain on disposal of property, plant and equipment	(176)	(4,139)
Unrealised profit on sales to an associate	(635)	(661)
Allowances for other receivables	10,144	–
Allowances for trade receivables	–	298
Interest income from an associate	(263)	(636)
Interest income from banks	(169)	(198)
Interest expense	7,329	3,773
Impairment loss recognised in respect of property, plant and equipment	7,451	–
Impairment loss recognised in respect of intangible assets	6,689	–
Impairment loss recognised in respect of goodwill included in interest in an associate	9,798	–
Allowance for loan to an associate	18,142	–
Allowance for trade receivables from an associate	20,830	–
Allowance for dividend receivable from an associate	741	–
Write-down on obsolete inventories	5,769	–
Operating cash flows before movements in working capital	(14,441)	(657)
Decrease in inventories	2,514	801
Increase in trade and other receivables	(12,728)	(24,818)
Decrease (increase) in deposits and prepayments	8,864	(11,524)
Decrease in trade receivables from an associate	1,212	9,029
Decrease in trade and other payables	(13,951)	(18,125)
Increase (decrease) in deposits and accrued expenses	1,575	(2,511)
NET CASH USED IN OPERATING ACTIVITIES	(26,955)	(47,805)

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INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(14,114)	(27,781)
Purchase of intangible assets and development costs paid	(4,063)	(9,814)
(Increase) decrease in loan to an associate	(804)	1,733
Proceeds on disposal of property, plant and equipment	2,329	1,152
Interest received from banks	169	198
Payment for prepaid lease	–	(498)
Dividend income from an associate	–	6,906
Interest received from an associate	–	636
NET CASH USED IN INVESTING ACTIVITIES	(16,483)	(27,468)
FINANCING ACTIVITIES		
New bank borrowings raised	119,681	169,151
Other borrowings raised	5,500	–
Increase in amounts due to directors	3,671	–
Decrease in pledged bank deposits	2,491	13,827
Repayments of bank borrowings	(123,012)	(84,531)
Interest paid	(7,329)	(3,773)
Decrease in other payable	–	(10,542)
Dividends paid	–	(8,041)
NET CASH FROM FINANCING ACTIVITIES	1,002	76,091
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(42,436)	818
CASH AND CASH EQUIVALENTS AT 1 JANUARY	61,140	60,823
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(1,244)	(501)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	17,460	61,140
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	17,460	61,140