

Consolidated Cash Flow Statement

For the year ended 31st December 2003

| | 2003 HK\$'000 | 2002 HK\$'000 |
|--|------------------|------------------|
| OPERATING ACTIVITIES | | |
| Profit from operating activities before tax | 13,678 | 47,633 |
| Adjustments for: | | |
| Allowance for bad and doubtful receivables, net | 5,156 | 15,634 |
| Allowance for obsolete and slow moving inventories | 2,122 | 767 |
| Depreciation and amortisation of property, plant and equipment | 43,634 | 45,899 |
| (Gain) loss on disposal of property, plant and equipment | (16) | 26 |
| Impairment loss on investment securities | 113 | 472 |
| Interest income | (427) | (686) |
| Interest expense | 11,372 | 11,630 |
| Operating cash flows before movements in working capital | 75,632 | 121,375 |
| Increase in inventories | (12,151) | (22,044) |
| Increase in trade and other receivables | (19,598) | (67,612) |
| Increase in amounts due from minority shareholders of subsidiaries | (1,156) | – |
| Increase (decrease) in trade and other payables | 22,397 | (31,685) |
| Increase (decrease) in bills payable | 505 | (4,343) |
| Decrease in amounts due to minority shareholders of subsidiaries | (4,302) | (730) |
| Cash generated from (used in) operations | 61,327 | (5,039) |
| Hong Kong Profits Tax paid | (37) | (53) |
| PRC enterprise income tax paid | (5,631) | (1,473) |
| NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES | 55,659 | (6,565) |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (41,512) | (26,920) |
| Interest received | 427 | 686 |
| Increase (decrease) in pledged bank deposits | 19 | (5,987) |
| Proceeds from disposal of property, plant and equipment | 16 | – |
| NET CASH USED IN INVESTING ACTIVITIES | (41,050) | (32,221) |

Consolidated Cash Flow Statement

For the year ended 31st December 2003

| | 2003 HK\$'000 | 2002 HK\$'000 |
|---|------------------|------------------|
| FINANCING ACTIVITIES | | |
| Repayment of borrowings | (51,678) | (110,502) |
| Dividends paid to minority shareholders of subsidiaries | (10,482) | (20,847) |
| Interest paid | (11,372) | (11,630) |
| Bank borrowings raised | 57,927 | 187,267 |
| Net borrowing from (repayment to) a director | 1,049 | (2,366) |
| Dividend paid | – | (8,237) |
| NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES | (14,556) | 33,685 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 53 | (5,101) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | 22,275 | 27,376 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | 22,328 | 22,275 |
| ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS | | |
| Bank balances and cash | 22,328 | 22,287 |
| Bank overdraft | – | (12) |
| | 22,328 | 22,275 |