

## Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER, 2004

|  | NOTE | 2004<br>HK\$'000 | 2003<br>HK\$'000 |
|--|------|------------------|------------------|
| <b>OPERATING ACTIVITIES</b>  |      |                  |                  |
| Profit before taxation   |      | <b>16,684</b>    | 26,858           |
| Adjustments for:   |      |                  |                  |
| Interest expenses  |      | <b>9,803</b>     | 8,401            |
| Interest income  |      | <b>(513)</b>     | (258)            |
| Depreciation and amortisation  |      | <b>8,808</b>     | 7,796            |
| Loss on disposal of property, plant and equipment                                |      | <b>48</b>        | 2                |
| Allowance for bad and doubtful debts   |      | <b>–</b>         | 2,952            |
| Write-off of goodwill from acquisition of additional interest<br>in a subsidiary |      | <b>33</b>        | –                |
| <hr/>  |      |                  |                  |
| Operating profit before working capital changes                                  |      | <b>34,863</b>    | 45,751           |
| (Increase) decrease in inventories   |      | <b>(12,507)</b>  | 5,743            |
| Decrease (increase) in trade and other receivables                               |      | <b>10,979</b>    | (34,888)         |
| Decrease in trade and other payables   |      | <b>(14,034)</b>  | (27,991)         |
| <hr/>  |      |                  |                  |
| Cash from (used in) operations   |      | <b>19,301</b>    | (11,385)         |
| Interest paid  |      | <b>(9,803)</b>   | (8,401)          |
| Hong Kong Profits Tax paid   |      | <b>(206)</b>     | (1,312)          |
| PRC Enterprise Income Tax paid   |      | <b>(6,071)</b>   | (3,256)          |
| <hr/>  |      |                  |                  |
| <b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>                              |      | <b>3,221</b>     | (24,354)         |
| <hr/>  |      |                  |                  |
| <b>INVESTING ACTIVITIES</b>  |      |                  |                  |
| Increase in pledged bank deposits  |      | <b>(9,182)</b>   | (7,518)          |
| Purchase of property, plant and equipment  |      | <b>(3,741)</b>   | (2,333)          |
| Acquisition of additional interest in a subsidiary                               | 31   | <b>(4,406)</b>   | –                |
| Dividend paid  |      | <b>(4,000)</b>   | (3,000)          |
| (Repayment to) advance from a minority shareholder<br>of a subsidiary            |      | <b>(1,163)</b>   | 2,397            |
| Decrease (increase) in loan receivable   |      | <b>5,487</b>     | (6,086)          |
| Interest received  |      | <b>513</b>       | 258              |
| Proceeds from disposal of property, plant and equipment                          |      | <b>49</b>        | –                |
| Deposits paid for acquisition of property, plant and equipment                   |      | <b>–</b>         | (4,213)          |
| Dividend paid to a minority shareholder of a subsidiary                          |      | <b>–</b>         | (1,198)          |
| Repayment from a director  |      | <b>–</b>         | 8,615            |
| Repayment from related companies   |      | <b>–</b>         | 877              |
| <hr/>  |      |                  |                  |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                                     |      | <b>(16,443)</b>  | (12,201)         |

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FOR THE YEAR ENDED 31 DECEMBER, 2004

|   | <b>2004</b>      | 2003     |
|---|------------------|----------|
|   | <b>HK\$'000</b>  | HK\$'000 |
| FINANCING ACTIVITIES                                      |                  |          |
| Borrowing raised  | <b>185,237</b>   | 92,078   |
| Repayment of borrowings                                   | <b>(160,183)</b> | (77,853) |
| Repayment on obligations under finance leases             | <b>(6,287)</b>   | (5,419)  |
| Proceeds from issue of shares                             | –                | 37,445   |
| <b>NET CASH FROM FINANCING ACTIVITIES</b>                 | <b>18,767</b>    | 46,251   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>          | <b>5,545</b>     | 9,696    |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b> | <b>19,176</b>    | 9,480    |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>       | <b>24,721</b>    | 19,176   |
| ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS     |                  |          |
| Bank balances and cash                                    | <b>24,817</b>    | 34,739   |
| Bank overdrafts   | <b>(96)</b>      | (15,563) |
|   | <b>24,721</b>    | 19,176   |