

## Consolidated Cash Flow Statement

For the year ended 31 December, 2005

	Notes	2005 HK\$'000	2004 HK\$'000
<b>OPERATING ACTIVITIES</b>			
Profit before taxation		11,749	13,009
Adjustments for:			
Depreciation of property, plant and equipment		2,671	2,988
Amortisation of prepaid lease payments		64	64
Allowance for obsolete stocks		1,000	2,595
Amortisation of intangible assets		3,052	1,484
Impairment loss on available-for-sale investments		1,000	–
Reversal of allowance for bad and doubtful debts		(3,000)	–
Finance costs		3,285	6,049
Interest income		(72)	(85)
Loss on written off of property, plant and equipment		74	–
Operating cash flows before movements in working capital		19,823	26,104
Decrease in inventories		578	16,836
Decrease in trade receivables		29,679	21,823
Decrease in deposits and other receivable		2,529	3,727
Increase in amount due from a related company		(566)	(1,463)
Decrease in trade payables		(6,110)	(32,142)
(Decrease) increase in accruals and other payables		(5,023)	3,856
(Decrease) increase in amounts due to directors		(811)	3,831
Increase in amount due to a related company		3,902	–
Cash generated from operations		44,001	42,572
Interest received		72	85
Interest paid		(2,485)	(6,049)
PRC income tax paid		(3,123)	(1,773)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>38,465</b>	<b>34,835</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of a subsidiary	35	–	(28,000)
Purchase of intangible assets		–	(4,717)
Purchase of property, plant and equipment		(421)	(779)
Decrease in pledged bank deposits		10,198	10,428
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>		<b>9,777</b>	<b>(23,068)</b>

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For the year ended 31 December, 2005

	2005 HK\$'000	2004 HK\$'000
<b>FINANCING ACTIVITIES</b>		
Repayments of bank borrowings	(74,660)	(98,887)
Repayments of obligations under a finance lease	(190)	(190)
Bank borrowings raised	36,493	92,358
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(38,357)</b>	<b>(6,719)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>9,885</b>	<b>5,048</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>54,463</b>	<b>49,415</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>4,052</b>	<b>–</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH</b>	<b>68,400</b>	<b>54,463</b>