

# CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2005

	Notes	2005 HK\$'000	2004 HK\$'000 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>85,779</b>	236,616
Adjustments for:			
Interest income	6	<b>(6,125)</b>	(7,857)
Finance cost	8	<b>21,480</b>	9,531
Depreciation	7	<b>29,565</b>	23,017
Recognition of prepaid land lease payments	15	<b>292</b>	286
Amortisation of intangible assets	7	<b>2,595</b>	1,380
Goodwill amortisation	7	<b>—</b>	5,199
Loss on disposal of items of property, plant and equipment	7	<b>670</b>	1,543
Equity-settled share option expenses		<b>16,896</b>	17,627
Operating profit before working capital changes		<b>151,152</b>	287,342
Increase in inventories		<b>(56,298)</b>	(281,249)
Increase in trade receivables		<b>(123,114)</b>	(174,281)
Decrease/(increase) in notes receivables		<b>3,733</b>	(39,318)
Increase in prepayments, deposits, and other receivables		<b>(26,355)</b>	(46,164)
Increase in trade and bills payables		<b>64,344</b>	141,974
Increase in other payables and accruals		<b>34,898</b>	110,706
Increase in provisions for product warranties		<b>6,866</b>	2,536
Increase in factored trade receivables		<b>(115,296)</b>	—
Bank advances on factored trade receivables		<b>115,296</b>	—
Cash generated from operations		<b>55,226</b>	1,546
Income tax paid		<b>(10,030)</b>	(16,636)
Net cash inflow/(outflow) from operating activities		<b>45,196</b>	(15,090)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		<b>6,125</b>	7,857
Purchases of items of property, plant and equipment	14	<b>(64,667)</b>	(67,105)
Acquisition of intangible assets	18	<b>(6,952)</b>	(1,276)
Proceeds from disposal of items of property, plant and equipment		<b>2,719</b>	906
Decrease/(increase) in short term time deposits	24	<b>89,237</b>	(152,077)
Net cash inflow/(outflow) from investing activities		<b>26,462</b>	(211,695)

	Notes	2005 HK\$'000	2004 HK\$'000 (Restated)
Net cash inflow/(outflow) from investing activities		<b>26,462</b>	(211,695)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of capital	30	<b>653</b>	6,138
New bank loans		<b>367,645</b>	406,294
Repayment of bank loans		<b>(334,704)</b>	(320,489)
Capital element of finance lease rental payments		<b>(180)</b>	(216)
Interest paid		<b>(21,460)</b>	(9,491)
Interest element on finance lease rental payments		<b>(20)</b>	(40)
Dividends paid		<b>(41,651)</b>	(74,791)
Net cash (outflow)/inflow from financing activities		<b>(29,717)</b>	7,405
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of year		<b>248,766</b>	471,555
Effect of foreign exchange rate changes, net		<b>23,411</b>	(3,409)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	24	<b>312,501</b>	248,766
Non-pledged time deposits with original maturity of less than three months when acquired	24	<b>1,617</b>	—
		<b>314,118</b>	248,766