

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2005

	Notes	2005 HK\$'000	2004 HK\$'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:			
From continuing operations		28,233	8,581
From discontinued operation	12	156	1,839
Adjustments for:			
Finance costs	7	814	45
Share of profits of associates		(11,621)	(5,172)
Interest income	5	(1,281)	(794)
Depreciation	6	1,591	3,414
Loss on disposal of items of property, plant and equipment	6	45	272
Gain on disposal of a discontinued operation	28	–	(3,255)
Operating profit before working capital changes		17,937	4,930
Increase in inventories		(21,189)	(28,466)
Increase in systems integration contracts		–	(501)
Increase in trade and bills receivables		(59,803)	(46,212)
Increase in prepayments, deposits and other receivables		(41,986)	(5,164)
Increase in trade and bills payables		98,359	86,498
Increase in other payables and accruals		63,497	14,968
Exchange difference		(878)	654
Cash generated from operations		55,937	26,707
Interest received		1,281	794
Interest paid		(814)	(45)
Hong Kong profits tax paid		(69)	(30)
Mainland of the People's Republic of China ("Mainland China" or the "PRC") corporate income tax paid		(756)	–
Net cash inflow from operating activities		55,579	27,426

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Year ended 31 December 2005

	Notes	2005 HK\$'000	2004 HK\$'000 (Restated)
Net cash inflow from operating activities		<u>55,579</u>	<u>27,426</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from an associate		6,426	918
Purchases of items of property, plant and equipment		(1,287)	(5,476)
Proceeds from disposal of items of property, plant and equipment		189	192
Disposal of a subsidiary	28	–	7,547
Increase in pledged deposits		<u>(6,098)</u>	<u>(15,406)</u>
Net cash outflow from investing activities		<u>(770)</u>	<u>(12,225)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loan	23	<u>38,400</u>	–
Net cash inflow from financing activities		<u>38,400</u>	–
NET INCREASE IN CASH AND CASH EQUIVALENTS		93,209	15,201
Cash and cash equivalents at beginning of year		156,907	142,070
Effect of foreign exchange rate changes, net		<u>3,723</u>	<u>(364)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>253,839</u>	<u>156,907</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	252,163	135,654
Non-pledged time deposits with original maturity of less than three months when acquired	21	<u>1,676</u>	<u>21,253</u>
		<u>253,839</u>	<u>156,907</u>