

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		19,404	6,045
Adjustments for:			
Interest income	8	(1,322)	(948)
Gain on disposal of items of property, plant and equipment	8	(547)	—
Finance costs	9	7,990	4,506
Depreciation	10	6,547	3,386
Amortisation of prepaid land premiums	10	248	248
Provision for bad and doubtful debts	10	2,152	3,968
Write-off of items of property, plant and equipment	10	—	385
Loss on disposal of other investment	10	—	601
Fair value loss/(gain) on equity investment at fair value through profit or loss/short term investments	10	(80)	189
Write-back of provision against slow-moving inventories	10	(28)	(347)
Equity-settled share option expenses		2,796	1,455
Operating profit before working capital changes		37,160	19,488
Increase in inventories		(42,961)	(20,958)
Increase in trade receivables		(200,152)	(54,679)
Decrease/(increase) in notes receivable		13,130	(11,899)
Increase in prepayments, deposits and other receivables		(15,542)	(8,159)
Decrease in trade and bills payables		264,438	54,789
Increase/(decrease) in other payables, accrued expenses and deposits received		18,929	(7,174)
Cash generated from/(used in) operations		75,002	(28,592)
Interest paid		(7,886)	(4,502)
Interest element on finance lease rental payments		(104)	(4)
Hong Kong profits tax paid		—	(2,140)
China corporate income tax refund/(paid), net		2,764	(6,945)
Net cash inflow/(outflow) from operating activities		69,776	(42,183)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,322	948
Purchases of items of property, plant and equipment		(29,836)	(40,560)
Purchase of other asset		(4,437)	—
Deposit paid for acquisition of an equity investment		(15,361)	—
Deposit paid for acquisition of property, plant and equipment		(17,551)	—
Proceeds from disposal of items of property, plant and equipment		1,357	—
Proceeds from disposal of other investment		—	2,928
Proceeds from disposal of short term investments		—	20
Decrease in amounts due from directors		—	42,724
Increase in restricted time deposits		(586)	(786)
Net cash inflow/(outflow) from investing activities - page 44		(65,092)	5,274

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Net cash inflow/(outflow) from investing activities - page 43		<u>(65,092)</u>	<u>5,274</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of new shares	29(b)	—	106,800
Share issue expenses	29(b)	—	(14,253)
Dividend paid	15	(3,000)	(65,000)
New bank loans		127,460	53,942
Repayment of bank loans		(74,552)	(39,788)
Decrease/(increase) in pledged deposits		28,239	(1,968)
Repayment of finance lease payables		(96)	(113)
Net cash inflow from financing activities		<u>78,051</u>	<u>39,620</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		52,250	49,185
Effect of foreign exchange rate changes, net		1,370	354
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>136,355</u>	<u>52,250</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	86,761	53,343
Non-pledged time deposits with original maturity of less than three months when acquired	24	49,594	—
Bank overdrafts, secured		—	(1,093)
		<u>136,355</u>	<u>52,250</u>