

# Consolidated Cash Flow Statement

Year ended 31 December 2006

	Notes	2006 HK\$'000	2005 HK\$'000 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		34,714	31,979
Adjustments for:			
Interest expense	7	9,248	8,498
Interest incomes	6	(821)	(748)
Fair value gains on interest rate swaps	6	–	(2,060)
Loss on derecognition of interest rate swaps	6	172	–
Depreciation	6	13,557	15,095
Recognition of prepaid land lease payments	6	493	161
Gain on disposal of items of property, plant and equipment	6	(150)	–
Write-off of items of property, plant and equipment	6	103	385
Equity-settled share option expense	6	312	83
Write-off of obsolete inventories	6	–	5,379
Impairment of trade receivables	6	822	352
Gain on disposal of a subsidiary	6	–	(2,581)
		<b>58,450</b>	<b>56,543</b>
Increase in inventories		(27,092)	(31,065)
Decrease in trade receivables		9,982	11,111
Decrease/(increase) in prepayments, deposits and other receivables		11,366	(1,816)
Increase in amounts due to related parties		454	–
Increase/(decrease) in trade and bills payables		8,323	(5,947)
Increase/(decrease) in other payables and accruals		(4,576)	14,743
Cash generated from operations		56,907	43,569
Interest received		821	748
Tax paid in the PRC		(469)	(81)
Hong Kong profits tax (paid)/refunded		797	(1,157)
Net cash inflow from operating activities		<b>58,056</b>	<b>43,079</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		(15,149)	(31,041)
Proceeds from disposal of items of property, plant and equipment		844	–
Additions of prepaid land lease payments	15	–	(4,641)
Prepayments for acquisition of items of property, plant and equipment		(29,517)	(7,984)
Acquisition of an additional equity interest in a subsidiary		–	(2,625)
Disposal of a subsidiary	33	–	9,405
Net cash outflow from investing activities		<b>(43,822)</b>	<b>(36,886)</b>

# Consolidated Cash Flow Statement

Year ended 31 December 2006

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
		(Restated)
Net cash outflow from investing activities	(43,822)	(36,886)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New bank loans	102,991	40,371
Repayment of bank loans	(91,553)	(33,938)
Interest paid	(9,142)	(8,493)
Dividends paid	(22,061)	(9,066)
Interest element of finance leases	(106)	(5)
Capital element of finance leases	(555)	(87)
Net cash outflow from financing activities	(20,426)	(11,218)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(6,192)</b>	<b>(5,025)</b>
Cash and bank balances at beginning of year	79,141	84,050
Effect on foreign exchange rate change, net	156	116
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>73,105</b>	<b>79,141</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	73,105	79,141