

Consolidated Cash Flow Statement

Year ended 31 December 2006

	Notes	2006 HK\$'000	2005 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		11,177	19,404
Adjustments for:			
Share of loss of an associate		2,012	—
Bank interest income	5	(4,701)	(1,322)
Gain on disposal of items of property, plant and equipment	5	—	(547)
Finance costs	6	10,330	7,990
Depreciation	7	10,474	6,547
Amortisation of prepaid land premiums	7	251	248
Impairment of trade receivables	7	574	2,152
Fair value gain on equity investments at fair value through profit or loss	5, 7	(6,543)	(80)
Provision against/(write-back of provision against) slow-moving inventories	7	1,863	(28)
Equity-settled share option expenses		2,085	2,796
		27,522	37,160
Increase in inventories		(18,368)	(42,961)
Decrease/(increase) in trade receivables		34,422	(200,152)
Decrease in notes receivable		9,556	13,130
Decrease/(increase) in prepayments, deposits and other receivables		7,432	(15,542)
Increase/(decrease) in trade and bills payables		(33,729)	264,438
Increase/(decrease) in other payables, accrued expenses and deposits received		(8,229)	18,929
		18,606	75,002
Cash generated from operations		18,606	75,002
Interest paid		(10,319)	(7,886)
Interest element on finance lease rental payments		(11)	(104)
China corporate income tax refund, net		5,810	2,764
		14,086	69,776
Net cash inflow from operating activities		14,086	69,776
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		4,701	1,322
Purchases of items of property, plant and equipment		(25,306)	(29,836)
Purchase of investment properties		(7,776)	—
Purchase of other asset		—	(4,437)
Purchase of golf club membership		(360)	—
Acquisition of an associate		(15,005)	—
Deposit paid for acquisition of an associate		—	(15,361)
Deposit paid for acquisition of property, plant and equipment		(3,580)	(17,551)
Proceeds from disposal of items of property, plant and equipment		—	1,357
Decrease/(increase) in restricted time deposits		4,001	(586)
Proceeds from disposal of equity investments at fair value through profit or loss		6,377	—
		(36,948)	(65,092)
Net cash outflow from investing activities — Page 34		(36,948)	(65,092)

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Year ended 31 December 2006

	Notes	2006 HK\$'000	2005 HK\$'000
Net cash outflow from investing activities — Page 33		(36,948)	(65,092)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	12	(4,500)	(3,000)
New bank loans		513,860	127,460
Repayment of bank loans		(489,950)	(74,552)
Decrease/(increase) in pledged deposits		(54,658)	28,239
Repayment of finance lease payables		(67)	(96)
Capital contribution from minority shareholders		1,508	—
Net cash inflow/(outflow) from financing activities		(33,807)	78,051
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		136,355	52,250
Effect of foreign exchange rate changes, net		1,294	1,370
CASH AND CASH EQUIVALENTS AT END OF YEAR		80,980	136,355
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	80,980	86,761
Non-pledged time deposits with original maturity of less than three months when acquired	23	—	49,594
		80,980	136,355