

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December, 2006

	2006 HK\$'000	2005 HK\$'000
OPERATING ACTIVITIES		
Profit before tax	7,389	11,749
Adjustments for:		
Depreciation of property, plant and equipment	2,225	2,671
Amortisation of prepaid lease payments	64	64
Allowance for obsolete stocks	—	1,000
Amortisation of intangible assets	1,590	3,052
Impairment loss on available-for-sale investments	—	1,000
Write back for bad and doubtful debts	—	(3,000)
Finance costs	3,555	3,285
Interest income	(366)	(72)
Loss on written off of property, plant and equipment	—	74
Operating cash flows before movements in working capital	14,457	19,823
(Increase) decrease in inventories	(41,666)	578
Decrease in trade receivables	30,295	29,679
Decrease in deposits and other receivable	22,847	2,529
Increase in amounts due from related companies	(55,246)	(566)
Increase (decrease) in trade payables	6,527	(6,110)
Decrease in accruals and other payables	(6,096)	(5,023)
Decrease in amounts due to directors	(3,128)	(811)
(Decrease) increase in amount due to related companies	(3,902)	3,902
Cash (used in) generated from operations	(35,912)	44,001
Interest received	366	72
PRC income tax paid	(2,200)	(3,123)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(37,746)	40,950
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(646)	(421)
Decrease in pledged bank deposits	—	10,198
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(646)	9,777
FINANCING ACTIVITIES		
Repayments of bank borrowings	(16,466)	(74,660)
Repayment of other loans	(47,994)	—
Repayments of obligations under a finance lease	(164)	(190)
Proceeds on issued of ordinary shares	64,240	—
Borrowings raised	35,793	36,493
Interest paid	(3,555)	(2,485)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	31,854	(40,842)

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NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,538)	9,885
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	68,400	54,463
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	2,184	4,052
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	64,046	68,400