

# Consolidated Cash Flow Statement

Year ended 31 December 2006

	<i>Notes</i>	<b>2006</b> <b>HK\$'000</b>	2005 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>16,460</b>	28,389
Adjustments for:			
Finance costs	7	<b>2,615</b>	814
Share of profits and losses of associates		<b>(8,945)</b>	(11,621)
Interest income	5	<b>(2,400)</b>	(1,281)
Depreciation	6	<b>2,291</b>	1,591
Loss on disposal of items of property, plant and equipment	6	<b>8</b>	45
		<b>10,029</b>	17,937
Decrease/(increase) in inventories		<b>8,270</b>	(21,189)
Increase in trade and bills receivables		<b>(21,588)</b>	(59,803)
Increase in prepayments, deposits and other receivables		<b>(25,877)</b>	(41,986)
Increase in trade and bills payables		<b>99,416</b>	98,359
Increase/(decrease) in other payables and accruals		<b>(14,778)</b>	63,497
Exchange differences		<b>(1,056)</b>	(878)
Cash generated from operations		<b>54,416</b>	55,937
Interest received		<b>2,400</b>	1,281
Interest paid		<b>(2,546)</b>	(814)
Interest element on finance lease rental payments		<b>(69)</b>	—
Hong Kong profits tax paid		<b>(8)</b>	(69)
Mainland of the People's Republic of China ("Mainland China" or the "PRC") corporate income tax paid		<b>(2,260)</b>	(756)
Net cash inflow from operating activities		<b>51,933</b>	55,579

# Consolidated Cash Flow Statement *(continued)*

Year ended 31 December 2006

	Note	2006 HK\$'000	2005 HK\$'000
Net cash inflow from operating activities		51,933	55,579
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividend received from an associate		6,233	6,426
Purchases of items of property, plant and equipment		(3,142)	(1,287)
Proceeds from disposal of items of property, plant and equipment		49	189
Increase in time deposits with original maturity of more than three months when acquired		(99,700)	—
Increase in pledged deposits		(49,620)	(6,098)
Net cash outflow from investing activities		(146,180)	(770)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank loan		38,400	38,400
Repayment of bank loan		(38,400)	—
Capital element of finance lease rental payments		(196)	—
Net cash inflow/(outflow) from financing activities		(196)	38,400
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		(94,443)	93,209
Cash and cash equivalents at beginning of year		253,839	156,907
Effect of foreign exchange rate changes, net		9,314	3,723
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>168,710</b>	<b>253,839</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	20	149,138	252,163
Non-pledged time deposits with original maturity of less than three months when acquired		19,572	1,676
		<b>168,710</b>	<b>253,839</b>