

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2004

	2004 <u>HK\$'000</u>	2003 <u>HK\$'000</u>
OPERATING ACTIVITIES		
Profit from operations	25,045	20,282
Adjustments for:		
Depreciation of property, plant and equipment	18,448	19,776
Impairment loss recognised on property, plant and equipment	2,763	—
Loss on disposal of property, plant and equipment	25	15
(Recovery of) allowance for doubtful debts, net	(484)	708
Allowance for inventories (written back)	136	(2,053)
Operating cash flows before movements in working capital	45,933	38,728
Increase in inventories	(9,390)	(2,305)
Increase in trade and other receivables	(8,830)	(3,530)
(Increase) decrease in amount due from a fellow subsidiary	(771)	318
Increase (decrease) in trade and other payables	14,053	(1,473)
Increase (decrease) in bills payable	3,714	(4,532)
(Decrease) increase in amount due to a fellow subsidiary	(9,307)	9,307
Cash generated from operations	35,402	36,513
Hong Kong Profits Tax paid	(102)	(279)
People's Republic of China (other than Hong Kong, the "PRC")		
— enterprise income tax paid	(4,238)	(1,739)
— enterprise income tax refunded	190	1,364
NET CASH FROM OPERATING ACTIVITIES	31,252	35,859

CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

For the year ended 31 December 2004

	<i>Note</i>	2004 HK\$'000	2003 <i>HK\$'000</i>
INVESTING ACTIVITIES			
Purchase of machinery under installation and deposits paid for the acquisition of property, plant and equipment		(44,193)	—
Purchase of property, plant and equipment		(17,367)	(3,661)
Proceeds on disposal of other investment		3,104	—
Interest received		142	46
Proceeds on disposal of business	23	—	18,613
Proceeds on disposal of property, plant and equipment		—	65
Acquisition of other investment		—	(3,000)
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(58,314)	12,063
FINANCING ACTIVITIES			
Proceeds from bank loans		54,600	—
Dividends paid		(28,707)	(15,619)
Repayment of bank loans		(13,846)	(8,775)
(Decrease) increase in trust receipt loans		(2,140)	4,706
Interest paid		(1,335)	(907)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		8,572	(20,595)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(18,490)	27,327
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		40,670	13,343
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing bank balances and cash		22,180	40,670