

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2005

| | 2005 HK\$'000 | 2004 HK\$'000 |
|---|------------------|------------------|
| OPERATING ACTIVITIES | | |
| Profit before taxation | 37,964 | 23,956 |
| Adjustments for: | | |
| Interest on bank borrowings | 3,418 | 1,335 |
| Gain on disposal of other investments | – | (104) |
| Bank interest income | (368) | (142) |
| Depreciation of property, plant and equipment | 26,500 | 18,448 |
| Impairment loss in respect of property, plant and equipment | – | 2,763 |
| Loss on disposal of property, plant and equipment | 581 | 25 |
| Impairment losses recognised (reversed) in respect of trade receivables | 3,361 | (484) |
| Allowance for inventories | 458 | 136 |
| Operating cash flows before movements in working capital | 71,914 | 45,933 |
| Increase in inventories | (11,475) | (9,390) |
| Increase in trade and other receivables | (9,735) | (8,830) |
| Increase in amount due from a fellow subsidiary | (266) | (771) |
| Increase in trade and other payables | 12,374 | 14,053 |
| (Decrease) increase in bills payable | (6,417) | 3,714 |
| Decrease in amount due to a fellow subsidiary | – | (9,307) |
| Cash generated from operations | 56,395 | 35,402 |
| Hong Kong Profits Tax paid | – | (102) |
| People's Republic of China (other than Hong Kong and Macao, the "PRC") | | |
| – enterprise income tax paid | (4,137) | (4,238) |
| – enterprise income tax refunded | 4,455 | 190 |
| NET CASH FROM OPERATING ACTIVITIES | 56,713 | 31,252 |

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For the year ended 31 December 2005

| | 2005 HK\$'000 | 2004 HK\$'000 |
|--|------------------|------------------|
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (34,545) | (17,367) |
| Purchase of machinery under installation and deposits paid for the acquisition of plant and equipment | (7,911) | (44,193) |
| Interest received | 368 | 142 |
| Proceeds on disposal of other investment | — | 3,104 |
| NET CASH USED IN INVESTING ACTIVITIES | (42,088) | (58,314) |
| FINANCING ACTIVITIES | | |
| Proceeds from bank loans | 37,129 | 54,600 |
| Increase (decrease) in trust receipt loans | 27,502 | (2,140) |
| Repayment of bank loans | (42,182) | (13,846) |
| Dividends paid | (15,271) | (28,707) |
| Interest paid | (3,418) | (1,335) |
| NET CASH FROM FINANCING ACTIVITIES | 3,760 | 8,572 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 18,385 | (18,490) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | 22,180 | 40,670 |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing bank balances and cash | 40,565 | 22,180 |