

Consolidated Cash Flow Statement

Year ended 31 December 2005

	Notes	2005 HK\$'000	2004 HK\$'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		4,870	6,207
Adjustments for:			
Finance costs	7	3,734	5,734
Interest income	5	(708)	(417)
Depreciation	6	9,907	8,979
Provision for inventories	6	6,460	11,021
Recognition of prepaid land lease payments	6	93	93
Changes in fair value of investment properties	6	–	234
Deficit/(surplus) on revaluation of buildings	6	80	(138)
Write-off of items of property, plant and equipment	6	581	83
Loss/(gain) on disposal of items of property, plant and equipment, net	6	(617)	13
Reversal of impairment of items of property, plant and equipment	6	–	(5,162)
Provision for bad and doubtful debts, net	6	645	–
Reversal of provision for an amount due from an associate		(6,141)	–
Operating profit before working capital changes		18,904	26,647
Decrease in inventories		15,807	69,285
Increase in receivables, prepayments and deposits		(35,296)	(6,991)
Increase in frozen bank balances		(127)	(8,685)
Decrease in trade and bills payables		(13,487)	(28,861)
Decrease in other payables and accruals		(315)	(5,939)
Decrease in trust receipt loans		–	(16,091)
Cash generated from/(used in) operations		(14,514)	29,365
Interest received		708	417
Interest paid		(3,734)	(5,734)
Net cash inflow/(outflow) from operating activities		(17,540)	24,048
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	12	(987)	(2,186)
Proceeds from disposal of items of property, plant and equipment		3,776	50
Repayment of a loan to an officer		50	47
Decrease in pledged bank balances		1,333	1,246
Net cash inflow/(outflow) from investing activities		4,172	(843)

Consolidated Cash Flow Statement (Continued)

Year ended 31 December 2005

	Notes	2005 HK\$'000	2004 HK\$'000 (Restated)
Net cash inflow/(outflow) from investing activities		4,172	(843)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment from an associate		1,846	–
New loans from the immediate holding company		–	10,350
Repayment of loans from the immediate holding company		(17,087)	(10,281)
Repayment of bank loans		–	(17,000)
Net cash outflow from financing activities		(15,241)	(16,931)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(28,609)	6,274
Cash and cash equivalents at beginning of year		83,246	76,977
Effect of foreign exchange rate changes, net		1,277	(5)
CASH AND CASH EQUIVALENTS AT END OF YEAR		55,914	83,246
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	55,914	83,246