

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 | | 31,979 | 29,658 |
| Adjustments for: | | | |
| Interest expenses | 7 | 11,964 | 7,986 |
| Interest income | 6 | (748) | (107) |
| Fair value gain on interest rate swaps | 6 | (2,060) | – |
| Depreciation | 6 | 15,095 | 18,512 |
| Recognition of prepaid land lease payments | 6 | 161 | 188 |
| Amortisation of goodwill | 6 | – | 2,997 |
| Loss on disposal of items of property, plant and equipment | 6 | – | 1,260 |
| Write-off of items of property, plant and equipment | 6 | 385 | – |
| Equity-settled share option expense | 6 | 83 | – |
| Write-off of obsolete inventories, net | 6 | 5,379 | 2,196 |
| Provision for bad and doubtful debts | 6 | 352 | 9,495 |
| Provision for bad debts written back | 6 | – | (1,692) |
| Gain on disposal of a subsidiary | 6 | (2,581) | – |
| Operating profit before working capital changes | | 60,009 | 70,493 |
| Increase in inventories | | (31,065) | (35,534) |
| Decrease in trade and bills receivables | | 11,111 | 9,024 |
| Increase in prepayments, deposits and other receivables | | (9,800) | (1,672) |
| Increase/(decrease) in trade and bills payables | | (5,947) | 14,637 |
| Increase in other payables and accruals | | 14,743 | 8,436 |
| Cash generated from operations | | 39,051 | 65,384 |
| Interest received | | 748 | 107 |
| Tax paid in the PRC | | (81) | (446) |
| Hong Kong profits tax paid | | (1,157) | (5,490) |
| Net cash inflow from operating activities | | 38,561 | 59,555 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of items of property, plant and equipment | 14 | (31,041) | (25,426) |
| Proceeds from disposal of items of property, plant and equipment | | – | 576 |
| Additions of prepaid land lease payments | 15 | (4,641) | (10,063) |
| Acquisition of additional equity interest in a subsidiary | | (2,625) | (7,900) |
| Disposal of a subsidiary | | 9,405 | – |
| Net cash outflow from investing activities | | (28,902) | (42,813) |

Consolidated Cash Flow Statement

Year ended 31 December 2005

| | 2005 HK\$'000 | 2004 HK\$'000 |
|--|------------------|------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| New bank loans | 40,371 | 173,000 |
| Repayment of bank loans | (33,938) | (143,708) |
| Interest paid | (11,959) | (7,981) |
| Dividends paid | (9,066) | (47,748) |
| Interest element of finance lease | (5) | (5) |
| Capital element of finance lease | (87) | (87) |
| Net cash outflow from financing activities | (14,684) | (26,529) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | |
| Cash and cash equivalents at beginning of year | 84,050 | 93,837 |
| Effect on foreign exchange rate changes, net | 116 | - |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 79,141 | 84,050 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 79,141 | 84,050 |