

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2006

| | 2006 HK\$'000 | 2005 HK\$'000 |
|--|------------------|------------------|
| OPERATING ACTIVITIES | | |
| Profit before tax | 28,794 | 37,964 |
| Adjustments for: | | |
| Interest on bank borrowings | 4,673 | 3,418 |
| Bank interest income | (648) | (368) |
| Share of loss of an associate | 58 | – |
| Depreciation of property, plant and equipment | 30,713 | 26,500 |
| Impairment losses (reversed) recognised in respect of trade receivables | (2,806) | 3,361 |
| Loss on disposal of property, plant and equipment | 19 | 581 |
| (Reversal of) allowance for inventories | (522) | 458 |
| Operating cash flows before movements in working capital | 60,281 | 71,914 |
| Increase in inventories | (6,885) | (11,475) |
| Increase in trade and other receivables | (14,379) | (9,735) |
| Decrease (increase) in amount due from a fellow subsidiary | 610 | (266) |
| Increase in trade and other payables | 16,872 | 12,374 |
| Decrease in bills payable | – | (6,417) |
| Cash generated from operations | 56,499 | 56,395 |
| People's Republic of China (other than Hong Kong and Macao, the "PRC") | | |
| – enterprise income tax paid | (4,176) | (4,137) |
| – enterprise income tax refunded | 1,638 | 4,455 |
| NET CASH FROM OPERATING ACTIVITIES | 53,961 | 56,713 |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (7,104) | (34,545) |
| Purchase of machinery under installation | (3,722) | (7,911) |
| Interest received | 648 | 368 |
| NET CASH USED IN INVESTING ACTIVITIES | (10,178) | (42,088) |
| FINANCING ACTIVITIES | | |
| Repayment of bank loans | (62,461) | (42,182) |
| Dividends paid | (15,271) | (15,271) |
| Interest paid | (4,673) | (3,418) |
| (Decrease) increase in trust receipt loans | (2,323) | 27,502 |
| New bank loans raised | 26,910 | 37,129 |
| NET CASH (USED IN) FROM FINANCING ACTIVITIES | (57,818) | 3,760 |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (14,035) | 18,385 |
| CASH AND CASH EQUIVALENTS AT 1 JANUARY | 40,565 | 22,180 |
| CASH AND CASH EQUIVALENTS AT 31 DECEMBER, representing bank balances and cash | 26,530 | 40,565 |