

Consolidated Cash Flow Statement

For the year ended 31 December 2006

	2006 HK\$'000	2005 HK\$'000
Operating activities		
Profit before taxation	30,153	11,332
Adjustments for:		
Finance costs	9,347	6,480
Interest income	(1,414)	(604)
Increase in fair value in investment properties	–	(880)
(Increase) decrease in fair value of investment held for trading	(17)	2
Depreciation of property, plant and equipment	2,065	1,655
Amortisation of technology know-how	–	2,730
Allowance for slow moving inventories	115	4,083
Allowance for doubtful debts	84	907
Loss on disposal of investment properties	110	–
Share-based payment expense	1,782	–
Gain on disposal of property, plant and equipment	(4,090)	(2,194)
Gain on disposal of an available-for-sale investment	(39)	(64)
Gain on settlement of forward contracts	–	(2,550)
Operating cash flows before movements in working capital	38,096	20,897
(Increase) decrease in inventories	(12,221)	4,497
Increase in debtors, deposits and prepayments	(45,237)	(42,187)
Increase (decrease) in creditors and accrued charges	7,453	(14,858)
(Decrease) increase in bills payables	(5,528)	5,528
Cash generated used in operations	(17,437)	(26,123)
Income taxes (paid) refunded	(1,606)	1,124
Net cash used in operating activities	(19,043)	(24,999)
Investing activities		
Proceeds on disposal of property, plant and equipment	7,118	5,400
Proceeds on disposal of investment properties	2,720	–
Proceeds on disposal of an available-for-sale investment	2,043	1,077
Interest received	1,414	604
Proceeds on settlement of forward contracts	–	400
Increase in pledged bank deposits	(4,558)	(11,781)
Purchase of property, plant and equipment	(108)	(4,616)
Net cash from (used in) investing activities	8,629	(8,916)
Financing activities		
New bank loans raised	44,442	40,987
Increase in trust receipt loans	11,876	38,623
Increase (decrease) in bank borrowings from discounting advances drawn on trade debtors	7,747	(1,729)
Repayment of bank loans	(31,853)	(42,417)
Interest paid	(9,347)	(6,480)
(Decrease) increase in bank borrowings from discounted bills receivables with full recourse	(858)	858
Repayment of obligations under a finance lease	(78)	(48)
Decrease in other borrowings	–	(13,005)
Net cash generated from financing activities	21,929	16,789

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Net increase (decrease) in cash and cash equivalents	11,515	(17,126)
Cash and cash equivalents at 1 January	16,917	34,019
Effect of foreign exchange rate changes	269	24
Cash and cash equivalents at 31 December	28,701	16,917
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	29,698	18,719
Bank overdrafts	(997)	(1,802)
	28,701	16,917