

# Consolidated Cash Flow Statement

For the year ended 31st December, 2006

|   |       | 2006<br>HK\$        | (As restated)<br>2005<br>HK\$ |
|---|-------|---------------------|-------------------------------|
|   | Notes |                     |                               |
| <b>OPERATING ACTIVITIES</b>                                     |       |                     |                               |
| Operating profit from continuing operations                     |       | <b>101,736,470</b>  | 68,606,400                    |
| Operating loss from discontinued operation                      | 12    | <b>(7,238,845)</b>  | (16,977,205)                  |
| Adjustments for:  |       |                     |                               |
| Depreciation and amortisation of property, plant and equipment  | 16    | <b>55,782,567</b>   | 59,409,128                    |
| Amortisation of leasehold land and land use rights              | 18    | <b>1,233,702</b>    | 1,062,347                     |
| Impairment losses on goodwill                                   | 19    | <b>981,123</b>      | 2,455,958                     |
| Release of negative goodwill                                    | 6     | <b>(94,901)</b>     | (16,449,454)                  |
| Net (gain) loss on disposal of property, plant and equipment    | 9     | <b>(812,747)</b>    | 4,597,514                     |
| Revaluation deficit of leasehold buildings                      | 9     | <b>494,566</b>      | 186,250                       |
| Fair value gains on investment properties                       | 6     | <b>(800,000)</b>    | (3,503)                       |
| Impairment losses on property, plant and equipment              | 16    | <b>995,952</b>      | –                             |
| Impairment losses for bad and doubtful debts                    |       | <b>15,110,606</b>   | 20,306,525                    |
| Write-down of inventories                                       | 9     | <b>8,261,408</b>    | 7,753,318                     |
| <b>OPERATING CASH FLOWS BEFORE MOVEMENTS IN WORKING CAPITAL</b> |       | <b>175,649,901</b>  | 130,947,278                   |
| Increase in inventories   |       | <b>(81,197,628)</b> | (36,436,325)                  |
| Increase in trade and other receivables                         |       | <b>(83,613,894)</b> | (29,478,819)                  |
| Increase in bills receivable                                    |       | <b>(5,848,857)</b>  | (12,000,801)                  |
| Increase in trade and other payables                            |       | <b>121,160,276</b>  | 3,188,988                     |
| Increase (Decrease) in bills payable                            |       | <b>34,669,591</b>   | (55,105,607)                  |
| Cash generated from operations                                  |       | <b>160,819,389</b>  | 1,114,714                     |
| Tax outside Hong Kong paid                                      |       | <b>(15,558,577)</b> | (9,118,654)                   |
| Hong Kong Profits Tax (paid) refunded                           |       | <b>(1,955,530)</b>  | 156,654                       |
| <b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>             |       | <b>143,305,282</b>  | (7,847,286)                   |

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| <b>INVESTING ACTIVITIES</b>   |       |                     |                               |
| Amounts (advanced to) repaid from associates                                      |       | (25,579,137)        | 4,480,856                     |
| Purchase of available-for-sale financial assets                                   |       | (4,711,393)         | –                             |
| Net proceeds from disposal of a subsidiary  | 32    | 173,974             | –                             |
| Proceeds from disposal of discontinued operation                                  | 32    | 3                   | –                             |
| Increase in pledged bank deposits   |       | (16,543,875)        | (6,111,224)                   |
| Acquisition of additional shareholding in subsidiaries from minority shareholders |       | (457,000)           | (6,971,031)                   |
| Purchase of property, plant and equipment   |       | (54,649,323)        | (51,710,803)                  |
| Proceeds from disposal of an associate  |       | –                   | 1                             |
| Proceeds from disposal of property, plant and equipment                           |       | 8,142,506           | 41,169,054                    |
| Proceeds from disposal of available-for-sale financial assets                     |       | 8,364,488           | –                             |
| Amount repaid from an investee company  |       | 105                 | –                             |
| Interest received   | 8     | 1,035,202           | 1,009,617                     |
| Dividends received from unlisted investments                                      | 8     | –                   | 146,448                       |
| Dividends received from associates  |       | 4,291,156           | 39,425,489                    |
| <b>NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES</b>                     |       | <b>(79,933,294)</b> | <b>21,438,407</b>             |
| <b>FINANCING ACTIVITIES</b>   |       |                     |                               |
| Repayment of bank loans   |       | (337,929,022)       | (187,635,194)                 |
| Interest paid   | 7     | (28,648,015)        | (27,705,346)                  |
| Repayment of obligations under finance leases                                     |       | (5,259,761)         | (4,882,156)                   |
| Dividends paid to minority shareholders of subsidiaries                           |       | (2,457,341)         | (16,940,769)                  |
| Dividends paid to Company shareholders  |       | (14,150,454)        | (7,062,289)                   |
| Repayment of other loans  |       | (90,591)            | (262,254)                     |
| Bank loans raised   |       | 277,640,777         | 228,620,864                   |
| Capital contributed by minority shareholders of a subsidiary                      |       | 636,295             | –                             |
| Amounts advanced from (to) associates   |       | 24,921,207          | (4,149,030)                   |
| Proceeds from issue of shares   | 27    | –                   | 517,534                       |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                                      |       | <b>(85,336,905)</b> | <b>(19,498,640)</b>           |
| <b>DECREASE IN CASH AND CASH EQUIVALENTS</b>                                      |       | <b>(21,964,917)</b> | <b>(5,907,519)</b>            |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>                         | 26    | <b>79,809,902</b>   | <b>83,867,372</b>             |
| <b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>                                    |       | <b>3,217,716</b>    | <b>1,850,049</b>              |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>                               | 26    | <b>61,062,701</b>   | <b>79,809,902</b>             |

The notes on pages 40 to 95 are an integral part of these consolidated financial statements.