

Consolidated Cash Flow Statement

For the year ended 31st December, 2004

| | 2004 HK\$'000 | 2003 HK\$'000 |
|--|------------------|------------------|
| OPERATING ACTIVITIES | | |
| Profit from operations | 28,494 | 20,082 |
| Adjustments for: | | |
| Allowances for bad and doubtful debts | 1,654 | 6,731 |
| Amortisation of goodwill | 107 | 107 |
| Amortisation of long term prepayment | 73 | 73 |
| Depreciation and amortisation of property, plant and equipment | 18,652 | 13,174 |
| Dividend income from trading and other securities | (469) | (279) |
| Gain on disposals of trading securities | (58) | (1,845) |
| Gain on redemption of other securities | (128) | – |
| Impairment loss recognised in respect of other securities | 500 | 1,790 |
| Interest income | (1,748) | (2,063) |
| Loss on disposals of property, plant and equipment | 210 | – |
| Negative goodwill released to income | – | (421) |
| (Surplus) deficit on revaluation of investment properties | (300) | 100 |
| Unrealised holding losses on trading securities | 749 | 374 |
| Operating cash flows before movements in working capital | 47,736 | 37,823 |
| Increase in inventories | (25,540) | (5,382) |
| Increase in trade and other receivables | (14,946) | (9,291) |
| Increase in trade and other payables | 448 | 5,395 |
| Cash generated from operations | 7,698 | 28,545 |
| Hong Kong Profits Tax paid, net | (1,000) | (1,754) |
| Interest paid | (1,314) | (181) |
| NET CASH FROM OPERATING ACTIVITIES | 5,384 | 26,610 |
| INVESTING ACTIVITIES | | |
| Purchase of trading securities | (137,529) | (134,132) |
| Purchase of property, plant and equipment | (21,719) | (9,356) |
| Proceeds on disposals of trading securities | 130,692 | 136,453 |
| Increase in pledged bank deposits | (13,764) | – |
| Interest received | 1,748 | 2,063 |
| Proceeds on redemption of other securities | 920 | – |
| Dividend received from trading and other securities | 469 | 279 |
| Proceeds on disposals of property, plant and equipment | 133 | – |
| Acquisition of a subsidiary (note 27) | – | (16,484) |
| Purchase of other securities | – | (1,511) |
| NET CASH USED IN INVESTING ACTIVITIES | (39,050) | (22,688) |

Consolidated Cash Flow Statement *(Cont'd)*

For the year ended 31st December, 2004

| | 2004 HK\$'000 | 2003 HK\$'000 |
|--|------------------|------------------|
| FINANCING ACTIVITIES | | |
| Repayment of bank borrowings | (26,193) | (519) |
| Dividends paid | (13,788) | (15,309) |
| Repayment of obligations under a finance lease | (186) | (17) |
| Proceeds from issue of new shares | 16,193 | 7,193 |
| New bank borrowing raised | 6,510 | – |
| Dividend paid to minority shareholders | – | (300) |
| NET CASH USED IN FINANCING ACTIVITIES | (17,464) | (8,952) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (51,130) | (5,030) |
| CASH AND CASH EQUIVALENTS BROUGHT FORWARD | 68,452 | 73,482 |
| Effect of foreign exchange rate change | 5 | – |
| CASH AND CASH EQUIVALENTS CARRIED FORWARD | 17,327 | 68,452 |
| ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Bank balances and cash | 17,888 | 70,224 |
| Bank overdrafts | (561) | (1,772) |
| | 17,327 | 68,452 |