

Consolidated Cash Flow Statement

For the year ended 31st December, 2004

	Note	2004 HK\$'000	2003 HK\$'000
Operating activities			
Profit from ordinary activities before taxation		8,990	879
Adjustments for:			
Depreciation of fixed assets		20,951	21,057
Impairment loss in respect of fixed assets		10,078	2,984
Finance costs		13,767	16,731
Dividend income		(5)	(1)
Interest income		(172)	(51)
Share of loss of associates		11,431	9,373
(Gain)/loss from partnership		(753)	1,853
Net loss/(gain) on disposal of fixed assets		1,844	(203)
Gain on sales of listed investments		(94)	–
Unrealised loss on listed investments		–	14
Unrealised gain on revaluation of investment in Squaw Creek Associates, LLC	(b)	–	(1,727)
Write off of goodwill		3,403	(1)
Foreign exchange loss		4,761	5,518
Operating profit before changes in working capital		74,201	56,426
Decrease in inventories		23,428	14,768
(Increase)/decrease in trade and other receivables		(17,554)	744
(Decrease)/increase in creditors and accrued charges		(3,867)	16,889
Decrease in rental deposits received		(341)	(443)
Decrease in accrued employee benefits		(356)	(502)
Cash generated from operations		75,511	87,882
Tax paid			
Hong Kong Profits Tax paid		(753)	(1,542)
Overseas tax paid		(9,260)	(6,178)
Net cash from operating activities		65,498	80,162

Consolidated Cash Flow Statement (Continued)

For the year ended 31st December, 2004

	Note	2004 HK\$'000	2003 HK\$'000
Investing activities			
Payment for purchase of fixed assets	(a)	(24,194)	(18,406)
Proceeds from disposal of fixed assets		418	215
Decrease in properties held for resale		3,125	–
Proceeds from sales of listed investments		238	–
Interest received		172	51
Dividend received		5	1
Capital element of distributions from partnership		–	7,511
Increase in investments in associates	(b)	(7,197)	–
Decrease/(increase) in amounts due from associates		441	(13,372)
Increase in interest in Squaw Creek Associates, LLC	(b)	–	(584)
		<u>(26,992)</u>	<u>(24,584)</u>
Net cash used in investing activities			
Financing activities			
Proceeds from new bank loans		338,322	291,796
Repayment of bank loans		(338,513)	(328,406)
Net (decrease)/increase in bank overdrafts		(35,965)	6,621
Capital element of finance lease rentals paid		(6,078)	(5,882)
Proceeds from new loans from shareholders		49,715	–
Repayment of loans from shareholders		(38,800)	–
Increase in amounts due to related companies and related parties		–	2,437
Proceeds from new loans from directors		11,122	7,019
Interest paid		(21,455)	(16,396)
Interest element of finance lease rentals paid		(179)	(474)
		<u>(41,831)</u>	<u>(43,285)</u>
Net cash used in financing activities			
Net (decrease)/increase in cash and cash equivalents		(3,325)	12,293
Cash and cash equivalents at 1st January		21,796	9,090
Effect of foreign exchange rates changes		343	413
Cash and cash equivalents at 31st December		<u>18,814</u>	<u>21,796</u>

Consolidated Cash Flow Statement *(Continued)*

For the year ended 31st December, 2004

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Major non-cash transactions

- (a) During the year, the Group entered into finance leases amounting to HK\$1,204,000 for the purchase of fixed assets.
- (b) During the year ended 31st December, 2003, the Group's associate company purchased additional shareholding in Squaw Creek Associates, LLC ("SCA") and SCA also became an associate of the Group. At this point, the Group's investment in SCA was reclassified from other investments to investments in associates. Further details are set out in Note 12.