

CONSOLIDATED CASH FLOW STATEMENT

For the Year ended 31 December 2004

	2004 HK\$'000	2003 HK\$'000
OPERATING ACTIVITIES		
Loss before taxation	(10,986)	(19,674)
Adjustments for:		
Write back of impairment loss recognised in respect of leasehold land and building	(1,172)	–
Impairment loss recognised in respect of property, plant and equipment	2,860	–
Allowance for obsolete inventories	2,943	1,776
Finance costs	4,673	4,068
Interest income	(60)	(47)
Depreciation	6,006	5,973
Loss on disposal of property, plant and equipment	687	464
Operating cash flows before movements in working capital	4,951	(7,440)
(Increase) decrease in inventories	(19,660)	11,956
(Increase) decrease in trade receivables	(13,459)	4,643
(Increase) decrease in deposits, prepayments and other receivables	(1,693)	130
Increase in amounts due from fellow subsidiaries	(4,943)	(2,599)
Decrease in bills payables	–	(1,460)
Decrease in trade payables	(3,355)	(3,273)
Increase (decrease) in other payables and accruals	16,052	(3,300)
(Decrease) increase in amounts due to fellow subsidiaries	(2,542)	1,989
Decrease in amount due to an associate	(3)	–
Cash (used in) generated from operations	(24,652)	646
Interest received	60	47
Finance costs paid	(4,113)	(961)
Overseas income taxes paid	(327)	(215)
NET CASH USED IN OPERATING ACTIVITIES	(29,032)	(483)

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	2004 HK\$'000	2003 HK\$'000
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(18,401)	(3,729)
Proceeds from disposal of property, plant and equipment	51	86
Decrease in pledged bank deposits	-	1,293
NET CASH USED IN INVESTING ACTIVITIES	(18,350)	(2,350)
FINANCING ACTIVITIES		
New bank loans raised	2,162	-
Repayment of bank loans	(1,140)	(384)
Net cash inflow (outflow) from trust receipt loans	1,887	(6,229)
Advance from immediate holding company	11,244	21,000
Proceeds on issue of shares pursuant to open offer	75,251	-
Share issue expense	(1,844)	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	87,560	14,387
NET INCREASE IN CASH AND CASH EQUIVALENTS	40,178	11,554
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	24,316	12,788
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	479	(26)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	64,973	24,316
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	64,973	26,173
Bank overdrafts	-	(1,857)
	64,973	24,316