



# Consolidated Cash Flow Statement

Year ended 31 December 2004

	Notes	2004 HK\$'000	2003 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		<b>(27,058)</b>	(865,750)
Adjustments for:			
Finance costs	8	<b>12,151</b>	18,845
Interest income	7	<b>(969)</b>	(2,157)
Gain on disposal of fixed assets	7	<b>(10)</b>	–
Depreciation	7	<b>33,509</b>	23,723
Provision for obsolete and slow-moving inventories	7	<b>18,430</b>	55,544
Write off of fixed assets	7	<b>987</b>	5,197
Write off of intangible assets	7	<b>–</b>	1,128
Amortisation and impairment of goodwill	7	<b>44,542</b>	815,087
Amortisation of intangible assets	7	<b>581</b>	1,156
Operating profit before working capital changes		<b>82,163</b>	52,773
Increase in inventories		<b>(62,341)</b>	(89,821)
Decrease/(increase) in trade and bills receivables		<b>60,022</b>	(394,315)
Decrease/(increase) in prepayments, deposits and other receivables		<b>4,823</b>	(42,934)
Increase in trade payables		<b>295,531</b>	201,534
Decrease in other payables and accruals		<b>(1,870)</b>	(42,172)
Cash generated from/(used in) operations		<b>378,328</b>	(314,935)
Interest received		<b>969</b>	2,157
Hong Kong profits tax paid		<b>–</b>	(959)
PRC corporate income tax paid		<b>(2,806)</b>	(1,826)
Net cash inflow/(outflow) from operating activities		<b>376,491</b>	(315,563)



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Net cash inflow/(outflow) from operating activities		<b>376,491</b>	(315,563)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of fixed assets		<b>(73,239)</b>	(181,555)
Proceeds from disposal of fixed assets		<b>150</b>	–
Increase in pledged deposits		<b>(15,694)</b>	(1,079)
Net cash outflow from investing activities		<b>(88,783)</b>	(182,634)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares upon exercise of share options and warrants	28	<b>6</b>	307
Interest paid		<b>(12,151)</b>	(18,845)
New bank loans		<b>181,495</b>	443,178
Repayment of bank loans		<b>(559,252)</b>	(140,187)
Net additions/(repayment) of trust receipts		<b>(24,127)</b>	105,750
Net cash inflow/(outflow) from financing activities		<b>(414,029)</b>	390,203
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(126,321)</b>	(107,994)
Cash and cash equivalents at beginning of year		<b>266,894</b>	374,888
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>140,573</b>	266,894
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Non-pledged cash and bank balances	23	<b>10,138</b>	125,574
Non-pledged time deposits with original maturity of less than three months when acquired	23	<b>130,435</b>	141,320
		<b>140,573</b>	266,894