

Consolidated Cash Flow Statement

Year ended 31 December 2004

	Notes	2004 HK\$'000	2003 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		7,500	70,941
Adjustments for:			
Depreciation	7	3,634	3,074
Write-off of fixed assets	7	385	—
Provision for bad and doubtful debts	7	3,968	—
Loss on disposal of other investment	7	601	—
Impairment of short term investments	7	189	182
Provision against/(reversal of provision against) slow-moving inventories	7	(347)	4,010
Gain on disposal of fixed assets	6	—	(46)
Interest income	6	(948)	(1,004)
Finance costs	8	4,506	3,581
Operating profit before working capital changes		19,488	80,738
Increase in inventories		(20,958)	(18,078)
Decrease/(increase) in accounts receivable		(54,679)	9,153
Increase in notes receivable		(11,899)	(5,287)
Decrease/(increase) in prepayments, deposits and other receivables		(8,159)	2,388
Increase/(decrease) in accounts and bills payable		54,789	(43,542)
Increase/(decrease) in other payables, accrued expenses and deposits received		(7,174)	3,607
Increase/(decrease) in trust receipt loans		25,219	(3,138)
Cash generated from/(used in) operations		(3,373)	25,841
Interest paid		(4,502)	(3,578)
Interest element on finance lease payments		(4)	(3)
Hong Kong profits tax paid		(2,140)	(1,845)
China taxes paid, net		(6,945)	(4,903)
Net cash inflow/(outflow) from operating activities		(16,964)	15,512
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets		(40,560)	(14,729)
Proceeds from disposal of fixed assets		—	281
Proceeds from disposal of other investment		2,928	—
Proceeds from disposal of short term investments		20	56
Interest received		948	1,004
Decrease/(increase) in due from directors		42,724	(15,247)
Increase in restricted time deposits		(786)	(1,498)
Net cash inflow/(outflow) from investing activities		5,274	(30,133)

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Year ended 31 December 2004

	Notes	2004 HK\$'000	2003 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of new shares	28(e)	106,800	—
Share issue expenses	28(e)	(14,253)	—
Special dividend paid	13	(65,000)	—
New bank borrowings		28,723	16,270
Repayment of bank borrowings		(39,788)	(5,112)
Decrease/(increase) in pledged deposits		(1,968)	20,433
Repayment of finance lease payables		(113)	(42)
Increase in minority interests		—	699
Net cash inflow from financing activities		<u>14,401</u>	<u>32,248</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		49,185	31,730
Effect of foreign exchange rate changes, net		354	(172)
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>52,250</u>	<u>49,185</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	53,343	49,185
Bank overdrafts, secured	25	(1,093)	—
		<u>52,250</u>	<u>49,185</u>