

Consolidated Cash Flow Statement

Year ended 31 December 2004

	Notes	2004 HK\$'000	2003 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		(342,843)	794,391
Adjustments for:			
Interest income	5	(16,469)	(9,091)
Interest expense	7	20,252	9,948
Depreciation	6	65,121	39,340
Amortisation of intangible assets	6	1,292	12,433
Recognition of negative goodwill	5	(2,760)	—
Loss on disposal of fixed assets	6	901	238
Gain on disposal of a subsidiary	5	(1,268)	—
Written back on impairment of fixed assets	6	(239)	(1,512)
Unrealised exchange gain		(91,535)	—
Operating cash flow before working capital changes		(367,548)	845,747
Decrease/(increase) in inventories		(195,523)	660,713
Decrease/(increase) in trade receivables		29,971	(316,113)
Decrease/(increase) in notes receivable		1,184,165	(85,091)
Decrease in prepayments, deposits and other receivables		138,668	143,085
Decrease/(increase) in due from related companies		(57,072)	64,588
Decrease in trade and notes payables		(300,691)	(171,505)
Decrease in other payables and accruals		(374,087)	(507,106)
Increase in long term liabilities		9,052	—
Decrease/(increase) in an amount due to related companies		(34,184)	101,421
Decrease in due to minority shareholder		(134)	—
Cash generated from operations		32,617	735,739
PRC income tax received/(paid)		5,954	(30,550)
Interest paid		(19,981)	(9,136)
Net cash inflow from operating activities		18,590	696,053
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets	13	(185,570)	(117,496)
Acquisition of intangible assets	14	(3,856)	(3,811)
Proceeds from disposal of fixed assets		2,070	5,355
Acquisition of subsidiaries	30(a)	1,255,034	—
Increase in other long term assets		(3,153)	(125)
Decrease in pledged deposits	19	149,981	204,595
Disposal of a subsidiary	30(b)	(11,188)	—
Decrease in advance to related companies		94,340	69,166
Interest received		16,469	9,091
Net cash inflow from investing activities		1,314,127	166,775

	Notes	2004 HK\$'000	2003 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	27	495,408	—
Increase/(decrease) in trust receipt loans		161,449	(53,792)
Capital element of finance leases		(2,332)	(5,635)
Interest element on finance lease rental payments		(271)	(812)
Dividend paid		(766,506)	(375,639)
Net cash outflow from financing activities		(112,252)	(435,878)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		697,100	270,150
Effect of foreign exchange rate changes, net		88,118	—
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,005,683	697,100