

**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>(18,560)</b>	(3,825)
Adjustments for:			
Finance costs	7	<b>875</b>	2,071
Share of profits and losses of a jointly-controlled entity and associates		<b>(3,333)</b>	(4,864)
Interest income	5	<b>(1,956)</b>	(2,552)
Gain on deemed partial disposal of a subsidiary	5	<b>(6,503)</b>	–
Gain on disposal of a jointly-controlled entity	5	<b>(4,329)</b>	–
Loss/(gain) on partial disposal of a subsidiary	6	<b>765</b>	(3,496)
Loss/(gain) on disposal of subsidiaries	6	<b>(3,255)</b>	13,260
Loss on disposal of fixed assets	6	<b>777</b>	210
Depreciation	6	<b>20,692</b>	17,110
Amortisation of goodwill	6	–	784
Impairment of goodwill	6	–	2,528
Impairment of fixed assets	6	–	3,777
Impairment of interests in an associate	6	<b>140</b>	–
Write off of deferred expenditure	6	<b>932</b>	–
Write off of fixed assets	6	<b>2,383</b>	–
Revaluation surplus of land and buildings	6	<b>(1,998)</b>	(1,588)
Revaluation surplus of investment properties	6	<b>(1,430)</b>	(290)
Unrealised gains on revaluation of short term investments	6	<b>(11)</b>	(71)
Operating profit/(loss) before working capital changes		<b>(14,811)</b>	23,054
Increase in inventories		<b>(36,447)</b>	(33,110)
Decrease/(increase) in systems integration contracts		<b>(5,841)</b>	4,879
Increase in trade and bills receivables		<b>(85,855)</b>	(36,438)
Decrease/(increase) in prepayments, deposits and other receivables		<b>(22,851)</b>	3,968
Decrease in short term investments		<b>770</b>	2,116
Increase in trade and bills payables		<b>93,919</b>	67,967
Increase/(decrease) in other payables and accruals		<b>50,376</b>	(2,505)
Exchange differences		<b>(801)</b>	(4,890)
Cash generated from/(used in) operations		<b>(21,541)</b>	25,041
Interest received		<b>1,956</b>	2,552
Interest paid		<b>(875)</b>	(2,050)
Interest element on finance lease rental payments		–	(21)
Hong Kong profits tax paid		<b>(38)</b>	–
Overseas taxes refunded/(paid)		<b>290</b>	(1,368)
Net cash inflow/(outflow) from operating activities		<b>(20,208)</b>	24,154

**CONSOLIDATED CASH FLOW STATEMENT** *(continued)*

Year ended 31 December 2004

	Notes	2004 HK\$'000	2003 HK\$'000
Net cash inflow/(outflow) from operating activities		<u>(20,208)</u>	<u>24,154</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of fixed assets and additions to construction in progress	13	<b>(27,524)</b>	(19,759)
Proceeds from disposal of fixed assets		<b>1,860</b>	2,697
Proceeds from deemed disposal of a subsidiary		<b>11,563</b>	–
Proceeds from disposal of a jointly-controlled entity		<b>13,827</b>	–
Additions to intangible assets		–	(932)
Purchase of a long term investment		–	(63)
Acquisition of subsidiaries	31(a)	–	59,164
Dividends received from associates		<b>1,758</b>	396
Decrease/(increase) in amounts due from associates		<b>(1,246)</b>	263
Disposal/partial disposal of subsidiaries	31(b)	<b>7,624</b>	40,129
Decrease/(increase) in time deposits with original maturity of more than three months when acquired		<b>1,171</b>	(4,704)
Increase in pledged deposits		<b>(20,772)</b>	(7,549)
Net cash inflow/(outflow) from investing activities		<u>(11,739)</u>	<u>69,642</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New bank loans		–	3,248
Repayment of bank loans		–	(37,700)
Increase in trust receipt loans		<b>10,417</b>	2,895
Capital element of finance lease rental payments		–	(156)
Net cash inflow/(outflow) from financing activities		<u>10,417</u>	<u>(31,713)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(21,530)</b>	62,083
Cash and cash equivalents at beginning of year		<b>277,956</b>	216,383
Effect of foreign exchange rate changes, net		<b>1,653</b>	(510)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<u><b>258,079</b></u>	<u>277,956</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		<b>226,467</b>	211,973
Non-pledged time deposits with original maturity of less than three months when acquired		<b>31,612</b>	65,983
		<u><b>258,079</b></u>	<u>277,956</u>