

# Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31ST DECEMBER, 2004

|  | 2004<br>HK\$'000 | 2003<br>HK\$'000 |
|--|------------------|------------------|
| <b>OPERATING ACTIVITIES</b>                                    |                  |                  |
| Profit from operations   | 65,212           | 42,782           |
| Adjustments for:   |                  |                  |
| Interest income  | (268)            | (969)            |
| Amortisation of goodwill                                       | 1,671            | 1,671            |
| Release of negative goodwill to other operating income         | (2,035)          | -                |
| Depreciation and amortisation of property, plant and equipment | 8,562            | 8,835            |
| Loss on disposal of property, plant and equipment              | 6                | 182              |
| Unrealised holding loss on other investments                   | 1,176            | -                |
| Surplus on revaluation of investment properties                | -                | (1,000)          |
| Impairment loss on investment securities                       | -                | 1,991            |
| Operating cash flows before movements in working capital       | 74,324           | 53,492           |
| Increase in inventories  | (37,603)         | (44,377)         |
| Decrease (increase) in trade and other receivables             | 54,962           | (90,933)         |
| Increase in bills receivable                                   | (42,926)         | -                |
| Increase in trade and other payables                           | 9,041            | 2,379            |
| Increase in bills payable                                      | 16,622           | 5,064            |
| Cash generated from (used in) operations                       | 74,420           | (74,375)         |
| Hong Kong Profits Tax paid                                     | (3,830)          | (3,593)          |
| <b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>            | <b>70,590</b>    | <b>(77,968)</b>  |
| <b>INVESTING ACTIVITIES</b>                                    |                  |                  |
| Increase in pledged bank deposits                              | (39,285)         | (26,391)         |
| Purchase of investments in securities                          | (7,710)          | -                |
| Purchase of property, plant and equipment                      | (6,241)          | (9,482)          |
| Proceeds on disposal of investments in securities              | 1,067            | -                |
| Interest received  | 268              | 969              |
| Proceeds on disposal of property, plant and equipment          | 6                | 19               |
| Purchase of club memberships                                   | -                | (351)            |
| Additional investment in a subsidiary                          | -                | (150)            |
| Capital distribution received from an investee company         | -                | 3,413            |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                   | <b>(51,895)</b>  | <b>(31,973)</b>  |

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|---|------------------|------------------|
| FINANCING ACTIVITIES                                  |                  |                  |
| Bank and other borrowings raised                      | 2,012,356        | 1,071,620        |
| Proceeds from issue of shares                         | 232              | -                |
| Repayment of bank and other borrowings                | (1,982,216)      | (943,479)        |
| Interest paid   | (12,821)         | (10,078)         |
| Dividend paid   | (8,977)          | (2,301)          |
| Repayment of obligations under finance leases         | (198)            | (133)            |
| Interest on obligations under finance leases          | (46)             | (32)             |
| Contribution from a minority shareholder              | -                | 29               |
| NET CASH FROM FINANCING ACTIVITIES                    | 8,330            | 115,626          |
| NET INCREASE IN CASH AND CASH EQUIVALENTS             | 27,025           | 5,685            |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR    | 17,427           | 11,742           |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR          | 44,452           | 17,427           |
| ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS |                  |                  |
| Bank balances and cash                                | 44,671           | 28,935           |
| Bank overdrafts                                       | (219)            | (11,508)         |
|   | 44,452           | 17,427           |