

## Consolidated Cash Flow Statement

Year ended 31 December 2004

|  | Notes | 2004<br>HK\$'000 | 2003<br>HK\$'000 |
|--|-------|------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |       |                  |                  |
| Profit before tax  |       | <b>342,907</b>   | 67,261           |
| Adjustments for:   |       |                  |                  |
| Depreciation   | 6, 13 | <b>21,078</b>    | 17,789           |
| Interest expense   | 7     | <b>8,535</b>     | 11,959           |
| Interest income  | 5     | <b>(1,605)</b>   | (342)            |
| Dividend income from investments   | 5     | <b>(26,862)</b>  | (4,355)          |
| Amortisation of goodwill   | 6     | <b>1,774</b>     | 2,151            |
| Amortisation and impairment of goodwill of associates                                  | 17    | <b>5,957</b>     | 3,287            |
| Impairment of investment securities  | 6     | <b>19,619</b>    | 4,500            |
| Provision for other receivables  | 6     | <b>332</b>       | 3,210            |
| Write-back of provision for bad and doubtful debts                                     | 6     | —                | (245)            |
| Write-back of provision for inventory obsolescence                                     | 6     | —                | (400)            |
| Gain on disposal of fixed assets   | 5     | <b>(22)</b>      | (23)             |
| Unrealised gain on short term investments  | 5     | <b>(228,812)</b> | (27,922)         |
| Unrealised gain on reclassification of investment securities to short term investments | 5     | —                | (19,894)         |
| Gain on the merger relating to a short term investment                                 | 5     | <b>(75,557)</b>  | —                |
| Gain on disposal of investment securities  | 5     | —                | (961)            |
| Gain on waiver from creditors upon liquidation of a subsidiary                         | 5     | —                | (690)            |
| Gain on disposal of short term investments   | 5     | <b>(2,970)</b>   | (2,049)          |
| Share of profits less losses of associates   |       | <b>(2,779)</b>   | (703)            |
| Exchange adjustments   |       | <b>29</b>        | (861)            |
| Operating profit before working capital changes  |       | <b>61,624</b>    | 51,712           |
| Decrease in rental deposits  |       | —                | 148              |
| Increase in inventories  |       | <b>(25,119)</b>  | (773)            |
| Decrease/(increase) in prepayments, deposits and other receivables                     |       | <b>5,520</b>     | (3,295)          |
| Decrease/(increase) in trade receivables   |       | <b>10,200</b>    | (2,878)          |
| Increase/(decrease) in trade payables  |       | <b>519</b>       | (9,654)          |
| Increase in other payables and accrued liabilities                                     |       | <b>27,024</b>    | 11,599           |
| Cash generated from operations   |       | <b>79,768</b>    | 46,859           |
| Hong Kong profits tax paid   |       | <b>(5,477)</b>   | (2,575)          |
| Net cash inflow from operating activities – page 35                                    |       | <b>74,291</b>    | 44,284           |

## Consolidated Cash Flow Statement (continued)

Year ended 31 December 2004

|  | Notes | 2004<br>HK\$'000 | 2003<br>HK\$'000 |
|--|-------|------------------|------------------|
| Net cash inflow from operating activities – page 34                        |       | <b>74,291</b>    | 44,284           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                |       |                  |                  |
| Interest received  |       | <b>1,605</b>     | 342              |
| Dividend received from associates  |       | —                | 26,575           |
| Dividend received from investments   |       | <b>26,862</b>    | 4,355            |
| Purchases of fixed assets  | 13    | <b>(222,744)</b> | (133,858)        |
| Purchases of short term investments  |       | <b>(14,441)</b>  | (2,748)          |
| Proceeds from disposal of investment securities                            |       | —                | 2,364            |
| Proceeds from disposal of fixed assets                                     |       | <b>273</b>       | 182              |
| Proceeds from disposal of short term investments                           |       | <b>26,636</b>    | 6,790            |
| Proceeds from the merger of a short term investment                        | 18    | <b>261,061</b>   | —                |
| Net repayment from associates  |       | <b>1,574</b>     | 2,520            |
| Additional investments from minority shareholders                          |       | <b>18,566</b>    | 6,188            |
| Dividends paid to minority shareholders                                    |       | —                | (4,500)          |
| Net cash inflow/(outflow) from investing activities                        |       | <b>99,392</b>    | (91,790)         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                |       |                  |                  |
| Interest paid  |       | <b>(8,535)</b>   | (11,959)         |
| Repurchase of shares   |       | —                | (3,985)          |
| New bank loans, secured  |       | <b>157,267</b>   | 201,735          |
| New bank loans, unsecured  |       | —                | 17,000           |
| Repayment of bank loans  |       | <b>(166,829)</b> | (119,323)        |
| Dividends paid   |       | <b>(34,655)</b>  | (3)              |
| Net cash inflow/(outflow) from financing activities                        |       | <b>(52,752)</b>  | 83,465           |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                           |       | <b>120,931</b>   | 35,959           |
| Cash and cash equivalents at beginning of the year                         |       | <b>88,271</b>    | 52,312           |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>                        |       | <b>209,202</b>   | 88,271           |
| <b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>                   |       |                  |                  |
| Cash and bank balances   |       | <b>65,751</b>    | 47,080           |
| Time deposits with original maturity of less than three months when placed |       | <b>143,451</b>   | 41,191           |
|  |       | <b>209,202</b>   | 88,271           |