

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December, 2005

|  | 2005<br>HK\$'000 | 2004<br>HK\$'000<br>(restated) |
|--|------------------|--------------------------------|
| <b>Operating activities</b>  |                  |                                |
| Profit (loss) for the year   | 10,869           | (48,867)                       |
| Adjustment for:  |                  |                                |
| Interest income  | (420)            | (101)                          |
| Interest expenses  | 8,245            | 2,196                          |
| Income tax expenses  | 4,735            | —                              |
| Surplus on revaluation of investment properties  | (6,000)          | (1,800)                        |
| Revaluation deficit on property held for development   | —                | 32,000                         |
| Gain on disposal of investment in<br>a property development project  | —                | (5,493)                        |
| Impairment loss on goodwill  | 7,604            | —                              |
| Depreciation of property, plant and equipment  | 18,631           | 18,484                         |
| Loss on disposal of properties held for sale   | —                | 265                            |
| Amortisation of goodwill   | —                | 5,619                          |
| Amortisation of land use right   | 544              | 533                            |
| Unrealised holding loss (gain) on financial assets at fair<br>value through profit or loss/other investments | 82               | (23)                           |
| Loss (gain) on disposal of property, plant and equipment   | 243              | (2,978)                        |
|  | 44,533           | (165)                          |
| Operating cash flow before movements in working capital  | 44,533           | (165)                          |
| Increase in inventories  | (969)            | (12,486)                       |
| Decrease (increase) in trade and other receivables   | 1,619            | (2,501)                        |
| (Decrease) increase in trade and other payables  | (5,109)          | 12,948                         |
| Increase in deposit received on disposal of properties<br>held for development                               | 9,623            | —                              |
|  | 49,697           | (2,204)                        |
| Cash generated from (used in) operating activities   | 49,697           | (2,204)                        |
| Interest paid  | (414)            | (208)                          |
|  | 49,283           | (2,412)                        |
| <b>Net cash generated from (used in) operating activities</b>  | <b>49,283</b>    | <b>(2,412)</b>                 |
| <b>Investing activities</b>  |                  |                                |
| Purchases of property, plant and equipment   | (3,597)          | (5,971)                        |
| Decrease in pledged bank deposits  | —                | 2,300                          |
| Interest received  | 420              | 101                            |
| Proceeds from disposal of investment in securities   | —                | 1                              |
| Proceeds from disposal of a property development project   | —                | 5,493                          |
| Proceeds from disposal of properties held for sale   | —                | 23,835                         |
| Proceeds from disposal of property, plant and equipment  | 7                | 3,503                          |
|  | (3,170)          | 29,262                         |
| <b>Net cash (used in) generated from investing activities</b>  | <b>(3,170)</b>   | <b>29,262</b>                  |

## CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the year ended 31 December, 2005

|  | 2005<br>HK\$'000 | 2004<br>HK\$'000<br>(restated) |
|--|------------------|--------------------------------|
| <b>Financial activities</b>                                  |                  |                                |
| Repayments of secured bank loans                             | —                | (22,750)                       |
| <b>Net cash used in financing activities</b>                 | —                | (22,750)                       |
| <b>Net increase in cash and cash equivalents</b>             | <b>46,113</b>    | <b>4,100</b>                   |
| <b>Cash and cash equivalents at 1 January</b>                | <b>35,958</b>    | <b>31,858</b>                  |
| Effect of foreign exchange rates changes                     | (566)            | —                              |
| <b>Cash and cash equivalents at 31 December</b>              | <b>81,505</b>    | <b>35,958</b>                  |
| <b>Analysis of the balances of cash and cash equivalents</b> |                  |                                |
| Being:   |                  |                                |
| Bank balances and cash                                       | 81,505           | 35,958                         |