

# CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2005

Note	2005 HK\$'000	2004 HK\$'000
<b>(LOSS)/PROFIT FROM ORDINARY ACTIVITIES</b>		
<b>BEFORE TAXATION</b>	<b>(3,008)</b>	23,389
<b>Adjustments for:</b>		
Reversal of previous revaluation deficits of leasehold buildings, net	(5,270)	(3,346)
Write back of provision against properties held for sale	(200)	(3,150)
Share of profits less losses of associates	(1,997)	(2,791)
Bank interest income	(9,025)	(1,575)
Other interests earned	(7,102)	–
Dividend income from short term investments	(106)	(363)
Negative goodwill recognised as income	–	(13,062)
Gain on disposal of controlling interest in Swank	(42,244)	–
Gain on disposal of partial interest in Swank	–	(8,458)
Gain on deregistration of subsidiaries	(2,973)	–
Gain on disposal of interest in associates	–	(10,900)
Loss/(gain) on disposal of properties held for sale	143	(3,900)
Depreciation	26,539	35,347
Amortisation of leasehold land and land use rights	252	252
Amortisation of prepaid rental	737	737
Amortisation of deferred product development costs	1,641	1,421
Write back of provision for impairment loss on accounts receivable	–	(1,090)
Provision against inventories	1,190	289
Provision for impairment loss on a loan receivable	45,000	–
Loss/(gain) on disposal of fixed assets	44	(21)
Exchange difference	–	(184)
Gain on disposal of short term investments	(72)	–
Gain on disposal of investment properties	(2,715)	–
Net loss arising from fair value change of investment properties	490	–
<b>Operating profit before working capital changes</b>	<b>1,324</b>	12,595
Additions to deferred product development costs	(2,599)	(2,499)
(Increase)/decrease in balances with associates, net	(2,183)	3,648
Decrease/(increase) in short term investment	4,122	(7,491)
Decrease in accounts receivable	9,081	25,617
Decrease in bills receivable	574	1,307
(Increase)/decrease in loans receivable	(48,979)	9,254
(Decrease)/increase in interest receivable on loans	7	(7)
(Increase)/decrease in prepayments, deposits and other receivables	(20,156)	12,417
Increase in inventories	(6,542)	(11,789)
Decrease in accounts payable	(683)	(26,571)
Increase/(decrease) in other payables and accruals	19,508	(7,199)
Decrease in provision for long services payments	–	(294)
<b>Cash (used)/generated from operations</b>	<b>(46,526)</b>	8,988
Interest received	9,025	1,575
Income tax paid	(1,503)	(1,687)
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>	<b>(39,004)</b>	8,876

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Year ended 31 December 2005

	Note	2005 HK\$'000	2004 HK\$'000
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>		<b>(39,004)</b>	8,876
<b>INVESTING ACTIVITIES</b>			
Dividend received from short term investments		106	363
Purchase of property, plant and equipment		(9,632)	(13,956)
Purchase of investment properties		(6,740)	(83,348)
Net cash outflow from disposal of controlling interest in Swank	36	(8,526)	–
Proceeds from disposal of partial interest in Swank		–	12,088
Proceeds from disposal of investment properties		73,215	–
Purchase of available-for-sale financial assets		(11,744)	–
Proceeds from disposal of short term investments		976	–
Purchase of properties held for sale		(5,870)	(9,683)
Proceeds from disposal of properties held for sale		5,727	16,433
Proceeds from disposal of fixed assets		543	274
Refund of rental deposit		–	388
Dividends received from associates		–	5,000
Proceeds from disposal of interests in associates		–	4,700
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>		<b>38,055</b>	(67,741)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(949)</b>	(58,865)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>		<b>397,724</b>	456,589
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>		<b>396,775</b>	397,724

The notes on pages 27 to 77 form an integral part of these financial statements.