

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2005

	Notes	2005 HK\$'000	2004 HK\$'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		66,296	(19,935)
Adjustments for:			
Finance costs	7	1,142	875
Share of profits and losses of a jointly-controlled entity and associates		(10,250)	(1,958)
Interest income	5	(3,008)	(1,956)
Gain on disposal of subsidiaries	5	(21,939)	(3,255)
Gain on deemed partial disposal of subsidiaries	5	(10,652)	(6,503)
Gain on disposal of a jointly-controlled entity	5	—	(4,329)
Loss on partial disposal of a subsidiary	6	—	765
Loss on disposal of items of property, plant and equipment	6	216	777
Depreciation	6	12,692	20,692
Impairment of interests in an associate	6	—	140
Write-off of deferred expenditure	6	—	932
Write-off of items of property, plant and equipment	6	—	2,383
Fair value losses on equity investments at fair value through profit or loss	6	129	—
Revaluation surplus of land and buildings	5	(9,498)	(1,998)
Fair value gains of investment properties	5	(7,400)	(1,430)
Unrealised gains on revaluation of short term investments	5	—	(11)
Operating profit/(loss) before working capital changes		17,728	(14,811)
Increase in inventories		(9,804)	(36,447)
Increase in systems integration contracts		(146)	(5,841)
Increase in trade and bills receivables		(48,991)	(85,855)
Increase in prepayments, deposits and other receivables		(46,102)	(22,851)
Decrease/(increase) in equity investments at fair value through profit or loss/short term investments		(368)	770
Increase in trade and bills payables		88,395	93,919
Increase in other payables and accruals		94,824	50,376
Exchange differences		(2,576)	(801)
Cash generated from/(used in) operations		92,960	(21,541)
Interest received		3,008	1,956
Interest paid		(1,142)	(875)
Hong Kong profits tax paid		(69)	(38)
Overseas taxes refunded/(paid)		(1,524)	290
Mainland of the People's Republic of China ("Mainland China" or the "PRC") corporate income tax paid		(756)	—
Net cash inflow/(outflow) from operating activities		92,477	(20,208)

CONSOLIDATED CASH FLOW STATEMENT (Continued)

Year ended 31 December 2005

	Notes	2005 HK\$'000	2004 HK\$'000 (Restated)
Net cash inflow/(outflow) from operating activities		<u>92,477</u>	<u>(20,208)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	13	(11,480)	(27,524)
Proceeds from disposal of items of property, plant and equipment		484	1,860
Proceeds from deemed partial disposal of subsidiaries		22,400	11,563
Proceeds from disposal of a jointly-controlled entity		—	13,827
Dividends received from associates		6,780	1,758
Decrease/(increase) in amounts due from associates		313	(1,246)
Acquisition of a subsidiary	30(a)	15,267	—
Disposal/partial disposal of subsidiaries	30(b)	8,954	7,624
Decrease in time deposits with original maturity of more than three months when acquired		1,521	1,171
Increase in pledged deposits		<u>(10,687)</u>	<u>(20,772)</u>
Net cash inflow/(outflow) from investing activities		<u>33,552</u>	<u>(11,739)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		38,400	—
Increase/(decrease) in trust receipt loans		<u>(13,718)</u>	<u>10,417</u>
Net cash inflow from financing activities		<u>24,682</u>	<u>10,417</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		150,711	(21,530)
Cash and cash equivalents at beginning of year		258,079	277,956
Effect of foreign exchange rate changes, net		<u>4,084</u>	<u>1,653</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>412,874</u>	<u>258,079</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		405,304	226,467
Non-pledged time deposits with original maturity of less than three months when acquired		<u>7,570</u>	<u>31,612</u>
		<u>412,874</u>	<u>258,079</u>