



## Consolidated Cash Flow Statement

Year ended 31 December 2004

	Notes	2004 HK\$'000	2003 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before tax		<b>5,871</b>	(101,580)
Adjustments for:			
Finance costs	7	<b>5,734</b>	5,948
Interest income	5	<b>(417)</b>	(194)
Write off of fixed assets	6	<b>83</b>	8,021
Loss/(gain) on disposal of fixed assets, net	6	<b>13</b>	(630)
Gain on disposal of subsidiaries	5	<b>–</b>	(16,609)
Depreciation of fixed assets	6	<b>9,408</b>	16,315
Reversal of impairment of fixed assets	6	<b>(5,162)</b>	–
Impairment of fixed assets	6	<b>–</b>	10,320
Provision for doubtful debts	6	<b>–</b>	816
Deficit/(surplus) arising on revaluation of properties, net	6	<b>96</b>	(704)
Provisions for tax claim and tax penalty by the PRC authorities	6	<b>–</b>	69,600
Operating profit/(loss) before working capital changes		<b>15,626</b>	(8,697)
Decrease/(increase) in inventories		<b>80,306</b>	(30,399)
Increase in receivables, prepayments and deposits		<b>(6,991)</b>	(9,522)
Increase in frozen bank balances		<b>(8,685)</b>	–
Increase/(decrease) in trade and bills payables, accruals and other liabilities		<b>(34,800)</b>	44,489
Decrease in trust receipt loans		<b>(16,091)</b>	(12,457)
Cash generated from/(used in) operations		<b>29,365</b>	(16,586)
Interest received		<b>417</b>	194
Interest paid		<b>(5,734)</b>	(5,948)
Overseas taxes paid		<b>–</b>	(7,031)
Net cash inflow/(outflow) from operating activities		<b>24,048</b>	(29,371)



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Net cash inflow/(outflow) from operating activities		<u>24,048</u>	<u>(29,371)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of fixed assets	12	(2,186)	(3,044)
Proceeds from disposal of fixed assets		50	16,128
Disposal of subsidiaries	29	–	12,276
Repayment of a loan to an officer		47	45
Decrease in pledged bank balances		<u>1,246</u>	<u>5,617</u>
Net cash inflow/(outflow) from investing activities		<u>(843)</u>	<u>31,022</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loan from a fellow subsidiary		–	54,600
Repayment of a loan from a fellow subsidiary		–	(9,418)
New loans from the immediate holding company		10,350	–
Repayment of loans from the immediate holding company		(10,281)	–
New bank loans		–	48,817
Repayment of bank loans		<u>(17,000)</u>	<u>(70,327)</u>
Net cash inflow/(outflow) from financing activities		<u>(16,931)</u>	<u>23,672</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>6,274</b>	<b>25,323</b>
Cash and cash equivalents at beginning of year		<b>76,977</b>	<b>51,854</b>
Effect of foreign exchange rate changes, net		<u>(5)</u>	<u>(200)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b><u>83,246</u></b>	<b><u>76,977</u></b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	18	<b><u>83,246</u></b>	<b><u>76,977</u></b>