

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2004

	Notes	2004 HK\$'000	2003 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		51,195	39,966
Adjustments for:			
Share of losses of an associate		—	40
Interest income	5, 6	(87)	(110)
Interest expense	7	2,048	1,834
Gain on disposal of an associate	5, 6	(1,011)	—
Depreciation	6	2,700	2,402
Amortisation of product development costs	17	2,239	376
Loss on disposal of fixed assets	6	132	70
Provision for other receivables	6	561	—
Write-back of provision for trade receivables	6	—	(296)
Operating profit before working capital changes		57,777	44,282
Increase in inventories		(8,930)	(1,119)
Increase in trade receivables		(3,488)	(67,154)
Increase in prepayments, deposits and other receivables		(68,246)	(19,809)
(Increase)/decrease in an amount due from a related company		(258)	674
Increase in amounts due from directors		(1,094)	—
Increase/(decrease) in trade payables		(3,439)	12,436
Increase/(decrease) in notes payable		(8,511)	17,481
Increase/(decrease) in other payables and accruals		36,943	(1,409)
Increase/(decrease) in amounts due to related companies		(3,364)	3,364
Decrease in amounts due to directors		(1,739)	(1,637)
Cash used in operations		(4,349)	(12,891)
Tax paid		(31)	—
Net cash outflow from operating activities		(4,380)	(12,891)

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CONSOLIDATED CASH FLOW STATEMENT (continued)

Year ended 31 December 2004

	Notes	2004 HK\$'000	2003 HK\$'000
Net cash outflow from operating activities		(4,380)	(12,891)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		87	110
Purchases of fixed assets	14	(2,835)	(18,018)
Additions to product development costs	17	(3,520)	(4,767)
Increase in pledged time deposits		(22,117)	(7,773)
Disposal of an associate		<u>1,410</u>	—
Net cash outflow from investing activities		(26,975)	(30,448)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares	29, 30	86,000	—
Proceeds from issue of preference shares	29, 30	—	29,810
Share issue expenses	30	(16,528)	—
New bank loans		77,075	65,402
Repayment of bank loans		(50,381)	(41,339)
Interest paid		<u>(2,048)</u>	(1,834)
Net cash inflow from financing activities		94,118	52,039
NET INCREASE IN CASH AND CASH EQUIVALENTS		62,763	8,700
Cash and cash equivalents at beginning of year		<u>17,589</u>	<u>8,889</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	23	<u>80,352</u>	<u>17,589</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents		<u>80,352</u>	<u>17,589</u>