

# consolidated cash flow statement

Year ended 31 December 2004

HK\$ million	Notes	2004	2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before tax		<b>157</b>	(59)
Adjustments for:			
Finance costs	7	<b>6</b>	8
Share of loss of an associate		<b>2</b>	200
Interest income	5	<b>(5)</b>	(8)
Depreciation	6	<b>127</b>	122
Amortisation of goodwill	6	<b>1</b>	1
Amortisation of intangible assets	6	<b>30</b>	30
Bad and doubtful debt provisions on trade receivables	6	<b>3</b>	—
Provisions for and write off of prepayment and other receivables	6	<b>33</b>	—
Write off of deferred development costs	6	<b>15</b>	15
Write off of fixed assets	6	<b>2</b>	18
Loss/(gain) on disposal of fixed assets, net	6	<b>(1)</b>	1
Net (gain)/loss on disposal/deemed disposal of subsidiaries	6	<b>(10)</b>	12
Net unrealised holding losses on short term investments	6	<b>—</b>	1
Net realised gains on disposal of short term investments	6	<b>—</b>	(5)
Impairment of fixed assets	6	<b>—</b>	2
Deficit on revaluation of investment properties	6	<b>—</b>	3
Provision for slow-moving and obsolete inventories	6	<b>36</b>	8
Operating profit before working capital changes		<b>396</b>	349
Increase in inventories		<b>(77)</b>	(61)
Decrease in short term investments		<b>—</b>	16
Increase in trade and bills receivables		<b>(149)</b>	(122)
Decrease in prepayments, deposits and other receivables		<b>3</b>	55
Increase in trade and bills payables and other payables and accruals		<b>47</b>	272
Cash generated from operations		<b>220</b>	509
Interest received		<b>5</b>	8
Interest paid		<b>(6)</b>	(8)
Hong Kong profits tax paid		<b>(16)</b>	(9)
Net cash inflow from operating activities		<b>203</b>	500

Year ended 31 December 2004

HK\$ million	Notes	2004	2003
Net cash inflow from operating activities		203	500
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets		(327)	(244)
Proceeds from disposal of fixed assets		86	9
Additions to intangible assets		(50)	(47)
Disposal of subsidiaries	35(b)	7	(1)
Acquisition of subsidiaries	35(c)	—	(3)
Acquisition of minority interests		(1)	—
Increase in pledged time deposits		(17)	(17)
Net cash outflow from investing activities		(302)	(303)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of convertible notes		—	21
Proceeds from disposal of convertible notes		45	—
New bank loans		340	93
Net new/(repayment of) trust receipts		102	(60)
Repayment of bank loans		(374)	(141)
Capital element of finance lease rental payments		(3)	(4)
Dividend paid		(52)	(14)
Net cash inflow/(outflow) from financing activities		58	(105)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(41)	92
Cash and cash equivalents at beginning of year		873	781
CASH AND CASH EQUIVALENTS AT END OF YEAR		832	873
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	398	379
Non-pledged time deposits with original maturity of less than three months when acquired	24	434	494
		832	873