

# Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31ST DECEMBER, 2004

|  | Notes | 2004<br>HK\$'000 | 2003<br>HK\$'000 |
|--|-------|------------------|------------------|
| <b>OPERATING ACTIVITIES</b>  |       |                  |                  |
| Profit from operations   |       | 4,513            | 92,550           |
| Adjustments for:   |       |                  |                  |
| Interest income  |       | (3,386)          | (2,772)          |
| Depreciation   |       | 37,848           | 37,359           |
| Allowance for (write back of allowance for) bad and doubtful debts, net                                |       | 12,066           | (7,970)          |
| Amortisation of goodwill   |       | 4,473            | 4,502            |
| Release of negative goodwill   |       | (1,005)          | (720)            |
| Loss (gain) on disposal of property, plant and equipment   |       | 739              | (110)            |
| Revaluation decrease on investment properties  |       | 5,930            | 540              |
| Revaluation decrease on property, plant and equipment  |       | 14,949           | –                |
| Impairment loss on goodwill  |       | 10,610           | –                |
| Impairment loss on property, plant and equipment   |       | 2,638            | –                |
| Gain on disposal of investment in a security   |       | –                | (2,000)          |
| Operating cash flows before movements in working capital   |       | 89,375           | 121,379          |
| Increase in inventories  |       | (51,756)         | (35,893)         |
| Decrease (increase) in trade and other receivables   |       | 18,922           | (150,409)        |
| Decrease in amounts due from customers for contract work   |       | –                | 7                |
| Decrease in amounts due to customers for contract work   |       | –                | (7,254)          |
| Increase in trade and other payables   |       | 18,388           | 77,393           |
| Effect of foreign exchange rate changes  |       | (322)            | (1,496)          |
| Cash generated from operations   |       | 74,607           | 3,727            |
| Hong Kong Profits Tax paid   |       | (2,126)          | (5,546)          |
| Taxation outside Hong Kong paid  |       | (1,902)          | (461)            |
| Hong Kong Profits Tax refunded   |       | 16               | 438              |
| Taxation outside Hong Kong refunded  |       | –                | 13               |
| <b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>  |       | <b>70,595</b>    | <b>(1,829)</b>   |
| <b>INVESTING ACTIVITIES</b>  |       |                  |                  |
| Increase in pledged bank deposits  |       | (39,593)         | (7,894)          |
| Purchase of property, plant and equipment  |       | (25,671)         | (59,952)         |
| Consideration on acquisition of further interests in subsidiaries                                      |       | (4,560)          | (12,028)         |
| Advance to jointly controlled entities   |       | (6,822)          | –                |
| Net inflow (outflow) of cash and cash equivalents in respect of disposal of subsidiaries               | 34    | 8,609            | (18,309)         |
| Interest received  |       | 3,046            | 6,593            |
| Proceeds from disposal of property, plant and equipment  |       | 2,604            | 3,489            |
| Repayment of loans advanced  |       | 1,838            | 26,324           |
| Receipt of deferred consideration on disposal of property, plant and equipment                         |       | 2,157            | 938              |
| Net outflow of cash and cash equivalents in respect of acquisition of subsidiaries                     | 35    | –                | (75,631)         |
| Advance of loans   |       | –                | (20,885)         |
| Payment of deferred consideration on acquisition of a subsidiary and further interests in subsidiaries |       | –                | (2,525)          |
| Proceeds from disposal of investment in a security   |       | –                | 7,000            |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>   |       | <b>(58,392)</b>  | <b>(152,880)</b> |

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FOR THE YEAR ENDED 31ST DECEMBER, 2004

|  | 2004<br>HK\$'000 | 2003<br>HK\$'000 |
|--|------------------|------------------|
| FINANCING ACTIVITIES                                   |                  |                  |
| Bank loans raised                                      | 173,030          | 232,058          |
| Net borrowing of trust receipt loans                   | 62,505           | 53,737           |
| Mortgage loans raised                                  | 9,111            | 3,938            |
| Repayment of bank loans                                | (215,191)        | (112,428)        |
| Interest paid  | (27,213)         | (29,956)         |
| Repayment of mortgage loans                            | (14,514)         | (20,218)         |
| Dividend paid to minority shareholders of subsidiaries | (11,500)         | (11,185)         |
| Dividend paid  | (8,510)          | (14,184)         |
| Repayment of obligations under finance leases          | (7,313)          | (6,374)          |
| (Repayment to) advance from minority shareholders      | (3,350)          | 145              |
| Other loans raised                                     | –                | 75,000           |
| Injection from minority shareholders                   | –                | 16,536           |
| NET CASH (USED IN) FROM FINANCING ACTIVITIES           | (42,945)         | 187,069          |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS   | (30,742)         | 32,360           |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR     | 116,493          | 84,683           |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES                | 304              | (550)            |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR           | 86,055           | 116,493          |
| ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS  |                  |                  |
| Bank balances and cash                                 | 92,673           | 125,157          |
| Bank overdrafts  | (6,618)          | (8,664)          |
|  | 86,055           | 116,493          |