

*Consolidated Cash Flow Statement*

Year ended 31 December 2004

		2004	2003
	Notes	HK\$'000	HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		49,174	34,928
Adjustments for:			
Finance costs	7	3,994	12,871
Share of profits and losses of a jointly-controlled entity		(6,533)	4,567
Interest income	5	(2,115)	(3,758)
Dividend income from listed other investments	5	–	(838)
Gain on disposal of short term investments	5	–	(948)
Write back of other payables	5	(6,438)	(26,836)
Write back of impairment of interest in a jointly-controlled entity	5	(4,901)	–
Gain on early redemption of the principal of a promissory note	5	(20,000)	–
Depreciation	6	23,626	23,435
Goodwill amortisation for the year	6	30,826	23,349
Amortisation of technical know-how	6	500	375
Impairment of interest in an associate	6	128	241
Impairment/(reversal of impairment) of an investment security	6	(234)	390
Provision for doubtful debts	6	6,819	615
Loss/(gain) on disposal of fixed assets	6	(283)	73
Loss on write-off a deregistered subsidiary	6	3,708	–
Loss on disposal of other investments		–	746
Exchange adjustment		12,296	5,015
Operating profit before working capital changes		90,567	74,225
Increase in inventories		(2,894)	(4,081)
Decrease/(increase) in trade receivables		1,352	(2,560)
Decrease in other receivables, prepayments and deposits		1,636	15,806
Increase/(decrease) in trade payables		1,128	(1,872)
Increase/(decrease) in other payables and accruals		(9,097)	8,515
Increase/(decrease) in an amount due to a related company		1,077	(1,903)
Increase in rental deposits		4,183	1,816
Cash generated from operations		87,952	89,946
Interest paid		(7,008)	(9,857)
Tax paid		(45)	(137)
Net cash inflow from operating activities		80,899	79,952

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**Consolidated Cash Flow Statement (Cont'd)**

Year ended 31 December 2004

	Notes	2004 HK\$'000	2003 HK\$'000
Net cash inflow from operating activities		80,899	79,952
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		2,115	3,758
Dividend received from listed other investments		–	838
Purchases of fixed assets	14	(7,615)	(18,649)
Purchases of short term investments	25	(1,094)	–
Decrease of pledged deposits		–	20,312
Increase in time deposits with original maturity of more than three months when acquired	26	(27,924)	–
Acquisition of a subsidiary	39(a)	–	(59,597)
Proceeds from disposal of fixed assets		308	6
Proceeds from disposal of other investments		–	27,426
Proceeds from disposal of short term investments		–	2,340
Loans to an associate		(128)	(241)
Net cash outflow from investing activities		(34,338)	(23,807)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital	36	53,312	11,288
Payment for redemption of the principal of a promissory note	32	(45,000)	–
New bank loans		51,967	61,477
Repayment of bank loans		(96,318)	(93,058)
Capital element of finance lease rental payments		(289)	(288)
Addition of amounts due to directors		15,226	203
Increase/(decrease) in an amount due to a related company		(1,100)	2,200
Dividends paid		(35,000)	(31,914)
Net cash outflow from financing activities		(57,202)	(50,092)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		(10,641)	6,053
Cash and cash equivalents at beginning of year		142,600	136,754
Effect of foreign exchange rate changes, net		(51)	(207)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>131,908</b>	<b>142,600</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	26	42,297	70,379
Non-pledged time deposits with original maturity of less than three months when acquired		89,611	72,221
	26	<b>131,908</b>	<b>142,600</b>