

Consolidated Cash Flow Statement

For the year ended 31 December 2004

	Note	2004 HK\$'000	2003 HK\$'000
OPERATING ACTIVITIES			
Operating profit		122,812	124,534
Interest income		(5,600)	(3,386)
Amortisation of intangible assets		11,334	11,266
Depreciation		43,081	17,572
Gain on disposal of fixed assets		(82)	–
Loss/(gain) on disposal of other investments		617	(296)
Unrealised loss/(gain) on other investments		179	(190)
Written back of provision for slow moving inventories		(669)	–
Impairment loss of goodwill		987	–
Decrease in other deposits and club debenture		–	1,580
Dividend income from listed investment securities		(2,901)	–
Decrease in inventories		19,870	16,372
(Increase)/decrease in trade receivables		(123,672)	28,794
Increase in prepayments, deposits and other receivables		(14,982)	(11,209)
Decrease in amounts due from/(to) related companies		2,159	1,767
Decrease/(increase) in pledged bank deposits to secure short term bank loans		5,113	(1,071)
(Decrease)/increase in trade and bills payable		(812)	17,067
Increase in accrued liabilities and other payables		13,331	6,550
Decrease in short term bank loans of maturity more than three months		(3,588)	(9,121)
Net cash generated from operations		67,177	200,229
Hong Kong profits tax refund		–	3
Overseas tax paid		(44,098)	(28,182)
Net cash generated from operating activities		23,079	172,050

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	Note	2004 HK\$'000	2003 HK\$'000
Investing activities			
Interest received		5,600	3,386
Purchase of intangible assets		(1,018)	–
Purchase of other investments		(99,945)	(22,914)
Proceeds from disposals of other investments		99,192	18,075
Proceeds from disposal of fixed assets		210	–
Proceeds from disposal of investment securities		43,557	–
Dividend income from listed investment securities		2,901	–
Purchase of investment securities		(1,459)	–
Purchase of fixed assets		(23,786)	(72,033)
Refund of deposit for purchase of land		42,056	–
Payment of deposit for acquisition of intangible assets		(9,106)	–
Net cash outflow in respect of the acquisition of a subsidiary	32(a)	(5,381)	–
Payment of deposit for purchase of other fixed assets		–	(68,434)
Payment for purchase of land and buildings		(111,120)	–
Net cash used in investing activities		(58,299)	(141,920)
Financing activities			
Issue of ordinary shares		27,362	290,745
Share issue expenses		–	(5,415)
Repurchase of shares		(12,702)	–
Expense on shares repurchased		(84)	–
Exercise of share options		4,648	–
Issue of convertible bonds		31,824	–
New bank loans		235,000	–
Repayment of bank loans		(8,155)	(21,329)
Interest on bank loans		(3,391)	(1,644)
Interest on bank overdrafts		(156)	(24)
Bank loan arrangement and handling fees paid		(3,885)	–
Other interest paid		(51)	–
Capital element of finance lease payments		(7,149)	(10,322)
Interest element on finance lease payments		(180)	(636)
Decrease in pledged bank deposits		–	8,115
Dividend paid		(17,228)	(32,779)
Net cash generated from financing		245,853	226,711



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Increase in cash and cash equivalents		210,633	256,841
Cash and cash equivalents at beginning of year		420,276	163,435
Cash and cash equivalents at end of year		630,909	420,276
Analysis of balances of cash and cash equivalents			
Bank balances and cash (note below)		630,909	420,329
Bank overdrafts		–	(53)
		630,909	420,276

Note: Bank balances and cash of approximately HK\$398,927,000 (2003: HK\$356,889,000) were denominated in Renminbi ("RMB"). The conversion of these balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the government of mainland China.

The notes on pages 40 to 97 form an integral part of these financial statements.