

Consolidated Cash Flow Statements

For the year ended 31 December 2004

	2004 HK\$'000	2003 HK\$'000
Operating activities		
Profit (loss) from operations	11,240	(7,706)
Interest income	(85)	(273)
Revaluation (increase) decrease on revaluation of investment properties	(239)	239
Unrealised (gain) loss on investment in securities	(12)	(5)
Depreciation and amortisation of property, plant and equipment	1,136	1,051
Amortisation of technology know-how	2,730	—
Allowance for slow moving inventories	467	1,942
Allowance for doubtful debts	399	2,021
Amortisation of goodwill	323	775
Release of negative goodwill	(41)	(99)
Loss on disposal of property, plant and equipment	165	430
Operating cash flows before movements in working capital	16,083	(1,625)
Decrease (increase) in inventories	12,560	(19,190)
Decrease in debtors, deposits and prepayments	2,543	4,247
Increase (decrease) in creditors and accrued charges	2,113	(9,075)
(Decrease) increase in bills payables	(11,934)	4,664
Net cash generated from (used in) operations	21,365	(20,979)
Income taxes refund (paid)	906	(6,563)
Interest paid	(5,137)	(4,026)
Net cash from (used in) operating activities	17,134	(31,568)
Investing activities		
Interest received	85	273
Proceeds on disposal of property, plant and equipment	228	3
Purchase of property, plant and equipment	(878)	(1,605)
Increase in pledged bank deposits	(2,734)	(2,575)
Proceeds on maturity of investment in securities	1,950	—
Purchase of investment in securities	(3,954)	—
Net cash used in investing activities	(5,303)	(3,904)

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Financing		
Proceeds on issue of shares	10,074	30,000
Share issue expenses	(288)	(8,517)
New bank loans raised	15,964	9,350
Repayment of bank loans	(14,884)	(3,921)
Repayment of obligations under a finance lease	(94)	(11)
Repayments of advances to minority shareholders	—	(103)
Dividends paid	—	(10,000)
(Decrease) increase in other borrowings	(4,861)	4,331
(Decrease) increase in trust receipt loans	(9,261)	11,620
Increase in discounting advances drawn on trade debtors	1,948	—
Net cash (used in) generated from financing activities	(1,402)	32,749
Net increase (decrease) in cash and cash equivalents	10,429	(2,723)
Cash and cash equivalents at 1 January	23,592	26,328
Effect of change in foreign exchange rate	(2)	(13)
Cash and cash equivalents at 31 December	34,019	23,592
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	35,482	23,594
Bank overdrafts	(1,463)	(2)
	34,019	23,592