

Consolidated Cash Flow Statement

Year ended 31 December 2005

	Notes	2005 HK\$'000	2004 HK\$'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		58,947	46,447
Adjustments for:			
Finance costs	7	6,028	3,994
Share of profits and losses of a jointly-controlled entity		3,313	(3,806)
Bank interest income	5	(3,113)	(2,115)
Write-back of trade and other payables	5	(34,419)	(6,438)
Write-back of impairment of an interest in a jointly-controlled entity	5	–	(4,901)
Gain on early redemption of the principal of a promissory note	5	–	(20,000)
Fair value gains on investment properties, net		(141,096)	–
Excess over the cost on acquisition of an additional interest in a subsidiary	5	(3,755)	–
Gain on disposal of items of property, plant and equipment	5	(46)	(283)
Gain on disposal of investment properties	5	(431)	–
Depreciation	6	19,865	22,568
Recognition of prepaid land lease payments	6	1,058	1,058
Goodwill amortisation	6	–	30,826
Amortisation of technical know-how	6	500	500
Impairment of goodwill	6	169,000	–
Impairment of an interest in an associate	6	3	128
Write-back of impairment of an investment security	5, 6	–	(234)
Impairment of technical know-how	6	3,000	–
Provision for bad and doubtful debts	6	8,311	6,819
Loss on write-off of a deregistered subsidiary	6	–	3,708
Impairment of available-for-sale equity investments	6	1,003	–
Exchange adjustment		3,319	12,296
Operating profit before working capital changes		91,487	90,567
Increase in inventories		(65)	(2,894)
(Increase)/decrease in trade receivables		(6,037)	1,352
(Increase)/decrease in prepayments, deposits and other receivables		(6,384)	1,636
Increase in trade payables		9,004	1,128
Increase/(decrease) in other payables and accruals		11,871	(9,097)
Increase in an amount due to a related company		16,497	1,077
Increase in rental deposits		4,523	4,183
Cash generated from operations		120,896	87,952
Interest paid		(6,028)	(7,008)
Hong Kong profits tax refunded		57	–
Overseas taxes paid		(2,893)	(45)
Net cash inflow from operating activities		112,032	80,899

continued/...

Consolidated Cash Flow Statement (Cont'd)

Year ended 31 December 2005

	Notes	2005 HK\$'000	2004 HK\$'000 (Restated)
Net cash inflow from operating activities		<u>112,032</u>	<u>80,899</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		3,113	2,115
Purchases of items of property, plant and equipment	14	(93,047)	(7,615)
Purchases of debt investments at fair value through profit or loss/short term investments	27	–	(1,094)
Increase in a non-current time deposit		(15,600)	–
(Increase)/decrease in time deposits with original maturity of more than three months when acquired		27,924	(27,924)
Increase in pledged deposits		(27,351)	–
Acquisition of minority interests	40(a)	(52,591)	–
Proceeds from disposal of items of property, plant and equipment		135	308
Proceeds from disposal of investment properties		5,591	–
Loans to an associate		–	(128)
Net cash outflow from investing activities		<u>(151,826)</u>	<u>(34,338)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	37	–	53,312
Payment for redemption of the principal of a promissory note		–	(45,000)
New bank loans		123,040	51,967
Repayment of bank loans		(58,538)	(96,318)
Capital element of finance lease rental payments		–	(289)
Addition to/(repayment) of amounts due to directors		(26,016)	15,226
Decrease in an amount due to a related company		(1,100)	(1,100)
Dividends paid		(39,256)	(35,000)
Net cash outflow from financing activities		<u>(1,870)</u>	<u>(57,202)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(41,664)</u>	<u>(10,641)</u>
Cash and cash equivalents at beginning of year		131,908	142,600
Effect of foreign exchange rate changes, net		(101)	(51)
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>90,143</u>	<u>131,908</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	28	38,903	42,297
Non-pledged time deposits with original maturity of less than three months when acquired	28	51,240	89,611
		<u>90,143</u>	<u>131,908</u>