

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December, 2005

	NOTE	2005 HK\$'000	2004 HK\$'000
OPERATING ACTIVITIES			
Profit before taxation		83,346	54,652
Adjustments for:			
Finance costs		23,051	17,306
Interest income		(1,926)	(816)
Depreciation of property, plant and equipment		32,509	33,194
Depreciation of investment properties		215	360
Amortisation of prepaid lease payments		929	868
Loss on disposal of property, plant and equipment		15	826
Share issue expenses charged to consolidated income statement		14,224	—
Gain on disposal of a subsidiary		—	(850)
Operating cash flows before movements in working capital		152,363	105,540
Decrease (increase) in inventories		4,387	(45,019)
(Increase) decrease in trade receivables, bills receivables and other receivables, deposits and prepayments		(44,977)	360
Decrease (increase) in amounts due from related companies		48,100	(10,223)
Decrease in amounts due from related parties		—	3,426
Decrease in bills payable		(12,443)	(201)
Increase in trade and other payables		6,280	9,765
Increase in amount due to a director		180	—
Decrease in amounts due to related companies		—	(14,634)
Decrease in amounts due to related parties		—	(207)
Cash generated from operations		153,890	48,807
Tax paid		(5,308)	(15,890)
Interest paid		(19,951)	(17,306)
NET CASH GENERATED FROM OPERATING ACTIVITIES		128,631	15,611
INVESTING ACTIVITIES			
Prepaid lease payments		(5,438)	(7,593)
Purchase of property, plant and equipment		(14,657)	(4,605)
Purchase of investment properties		—	(6,023)
Sales proceeds on investments held for trading		780	—
Increase in deposit paid for acquisition of land use rights/ property, plant and equipment/investment property		(962)	(8,853)
Decrease in amounts due from directors		—	14,012
Interest received		1,926	816
Proceeds from disposal of property, plant and equipment		—	7,440
Proceeds from disposal of a subsidiary (net of cash and cash equivalent disposed of)	36	—	(170)
Decrease (increase) in pledged bank deposits		16,231	(3,267)
NET CASH USED IN INVESTING ACTIVITIES		(2,120)	(8,243)

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For the year ended 31st December, 2005

	2005 HK\$'000	2004 HK\$'000
FINANCING ACTIVITIES		
Proceeds from issue of new shares	101,000	—
Decrease in amount due to a shareholder	(111,285)	(26,448)
Repayment of bank loans	(611,470)	(581,079)
Expenditure on issue of new shares	(22,018)	—
New bank loans raised	594,195	619,318
Repayment of obligations under finance leases	(8,616)	(15,304)
NET CASH USED IN FINANCING ACTIVITIES	(58,194)	(3,513)
INCREASE IN CASH AND CASH EQUIVALENTS	68,317	3,855
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	2,242	2,376
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	15,527	9,296
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	86,086	15,527
Bank balances and cash	106,710	26,335
Bank overdrafts	(20,624)	(10,808)
	86,086	15,527

Addchance Holdings Limited