

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 HK\$'000	2004 HK\$'000
<b>OPERATING ACTIVITIES</b>		
(Loss) profit before taxation	<b>(595,716)</b>	33,807
Adjustments for:		
Share of results of associates	<b>93</b>	(6)
Interest expenses	<b>18,476</b>	13,250
Interest income on bank deposits	<b>(2,059)</b>	(787)
Decrease (increase) in fair value of derivative financial instruments	<b>1,057</b>	(551)
Depreciation	<b>2,972</b>	2,001
Loss on disposal of plant and equipment	<b>29</b>	118
Amortisation of goodwill of associates	<b>–</b>	353
Allowance for doubtful debts	<b>401,972</b>	1,512
Allowance for rebates receivables	<b>92,705</b>	–
Write-down of inventories	<b>66,283</b>	2,491
Impairment loss recognised in respect of goodwill of associates	<b>13,768</b>	–
Rental deposits written off	<b>104</b>	–
Operating cash flows before movements in working capital	<b>(316)</b>	52,188
Decrease (increase) in inventories	<b>240,137</b>	(31,855)
Increase in trade receivables, rebates receivables, prepayments and deposits	<b>(32,103)</b>	(26,403)
Decrease in trade payables, sales deposits and accrued charges	<b>(79,427)</b>	(77,645)
Increase in amount due from an associate	<b>(874)</b>	–
Cash generated from (used in) operations	<b>127,417</b>	(83,715)
Hong Kong Profits Tax refund (paid)	<b>10,532</b>	(2,143)
Interest paid	<b>(18,476)</b>	(13,250)
<b>NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES</b>	<b>119,473</b>	(99,108)

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2005

	2005 HK\$'000	2004 HK\$'000
<b>INVESTING ACTIVITIES</b>		
Acquisition of associates	–	(15,000)
Advance from a director	195	–
Investment in a jointly controlled entity	(195)	–
Proceeds on disposal of plant and equipment	40	–
Purchase of plant and equipment	(207)	(2,610)
Interest received	2,059	787
Release of (increase in) bank deposits pledged	23,696	(1,494)
<b>NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES</b>	<b>25,588</b>	<b>(18,317)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	–	(7,200)
Repayment of bank borrowings	(418,019)	(324,470)
New bank borrowings raised	208,373	418,019
<b>NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES</b>	<b>(209,646)</b>	<b>86,349</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(64,585)</b>	<b>(31,076)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>50,485</b>	<b>81,561</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>(14,100)</b>	<b>50,485</b>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Bank balances and cash	7,676	50,753
Bank overdrafts	(21,776)	(268)
	<b>(14,100)</b>	<b>50,485</b>