

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2003

| | Notes | 2003 HK\$ | 2002 HK\$ |
|---|-------|---------------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before tax | | (18,156,574) | (4,971,570) |
| Adjustments for: | | | |
| Finance costs | 7 | 281,149 | – |
| Interest income | 5 | (5,798) | (245,699) |
| Dividend income from trading securities | 5 | – | (15,000) |
| Loss on disposal of fixed assets | 6 | – | 142,915 |
| Depreciation | 6 | 86,817 | 90,186 |
| Unrealised holding loss on trading securities | | – | 281,220 |
| Provision for a loan receivable | 6 | 1,107,200 | – |
| Impairment of investment securities | 6 | 7,392,800 | – |
| Loss on disposal of an investment security | 6 | 4,800,000 | – |
| Operating loss before working capital changes | | (4,494,406) | (4,717,948) |
| Decrease/(increase) in a rental deposit | | 42,611 | (173,033) |
| Increase in a deposit for an unlisted equity investment | | – | (4,000,000) |
| Decrease/(increase) in trading securities | | 793,180 | (1,074,400) |
| Decrease/(increase) in prepayments, deposits and other receivables | | 222,236 | (193,302) |
| Increase/(decrease) in other payables and accrued liabilities | | 110,264 | (187,743) |
| Increase in an amount due to a director | | 514,986 | – |
| Cash used in operations | | (2,811,129) | (10,346,426) |
| Interest paid | | (281,149) | – |
| Net cash outflow from operating activities | | (3,092,278) | (10,346,426) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | | 5,798 | 245,699 |
| Dividend income from trading securities | | – | 15,000 |
| Purchases of fixed assets | | (75,947) | (155,162) |
| Purchases of investment securities, including a loan granted to an investee company | | (3,500,000) | (20,000,000) |
| Proceeds from disposal of an investment security | | 200,000 | – |
| Net cash outflow from investing activities | | (3,370,149) | (19,894,463) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| New other loans | | 3,646,250 | – |
| Repayment of other loans | | (600,000) | – |
| Net cash inflow from financing activities | | 3,046,250 | – |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | (3,416,177) | (30,240,889) |
| Cash and cash equivalents at beginning of year | | 3,491,172 | 33,732,061 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | 74,995 | 3,491,172 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | | 74,995 | 3,491,172 |

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