

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2003

| Note   | 2003<br>HK\$'000 | 2002<br>HK\$'000 |
|--|------------------|------------------|
| <b>Operating activities</b>  |                  |                  |
| Loss before taxation   | (5,045)          | (6,256)          |
| Adjustments for:   |                  |                  |
| Interest expenses  | 1,422            | 2,060            |
| Interest income  | (8)              | (30)             |
| Depreciation   | 182              | 234              |
| Impairment loss on land and buildings                              | –                | 1,487            |
| Deficit arising from revaluation of investment properties          | –                | 2,500            |
| Loss on disposal of investment properties                          | 285              | –                |
| <b>Operating loss before changes in working capital</b>            | <b>(3,164)</b>   | <b>(5)</b>       |
| Decrease in inventories  | 455              | 2,117            |
| (Increase)/decrease in prepayments, deposits and other receivables | (18)             | 232              |
| Decrease/(increase) in trade receivables                           | 103              | (163)            |
| Increase/(decrease) in trade payables, other payables and accruals | 493              | (3,197)          |
| (Decrease)/increase in deposits received                           | (1,457)          | 1,191            |
| Increase in rent received in advance                               | 150              | –                |
| Increase in provision for long service payment                     | 57               | –                |
| <b>Cash generated from/(used in) operations</b>                    | <b>(3,381)</b>   | <b>175</b>       |
| Interest received  | 8                | 30               |
| Interest paid  | (1,422)          | (2,060)          |
| Tax refund   | 11               | –                |
| Tax paid   | –                | (11)             |
| <b>Net cash used in operating activities</b>                       | <b>(4,784)</b>   | <b>(1,866)</b>   |
| <b>Investing activities</b>  |                  |                  |
| Decrease in pledged time deposits                                  | –                | 5,735            |
| Payment to acquire fixed assets                                    | (3)              | –                |
| Net proceeds from sale of investment properties                    | 11,215           | –                |
| <b>Net cash from investing activities</b>                          | <b>11,212</b>    | <b>5,735</b>     |

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For the year ended 31 December 2003

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|--|-----------------------|------------------|
| <b>Financing activities</b>                      |                       |                  |
| Issue of share capital                           | 2,053                 | 12,413           |
| Share issue expenses                             | (203)                 | (1,867)          |
| Repayment to a related party                     | (129)                 | (6,873)          |
| (Repayment to)/advance from Directors            | (3)                   | 34               |
| Repayment of bank loans                          | –                     | (510)            |
| <b>Net cash from financing activities</b>        | <b>1,718</b>          | <b>3,197</b>     |
| <b>Net increase in cash and cash equivalents</b> | <b>8,146</b>          | <b>7,066</b>     |
| Cash and cash equivalents at 1 January           | (11,732)              | (18,649)         |
| Effect of foreign exchange rates changes         | –                     | (149)            |
| Cash and cash equivalents at 31 December         | 28a<br><b>(3,586)</b> | <b>(11,732)</b>  |

The annexed notes form an integral part of these financial statements.