

• • • CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2004

	2004 <i>HK\$</i>	2003 <i>HK\$</i>
OPERATING ACTIVITIES		
Loss from operations	(35,791,469)	(160,590,128)
Adjustments for:		
Interest income	(641,512)	(3,309,803)
Dividend income	(4,645)	(1,417)
Deficit on revaluation of investment properties	—	67,397,828
Impairment loss recognised in respect of other investments	—	35,824,342
Impairment loss recognised in respect of property, plant and equipment	5,530,864	17,879,421
Impairment loss recognised in respect of goodwill	660,000	—
Depreciation of property, plant and equipment	4,648,631	4,536,419
Allowance for obsolete inventories	2,516,382	170,000
Allowance on trade and other receivables	9,065,510	3,891,189
Allowance on short-term loans receivable	2,187,846	23,990,357
Amortisation of goodwill	110,000	220,000
Current account waived by former ultimate holding company	(3,727,375)	—
Amounts due from fellow subsidiaries written off	11,336,399	—
Loss on disposal of other investments	144,354	—
(Gain) loss on disposal of property, plant and equipment	(30,000)	7,734
Gain on disposal of investment properties	(558,914)	—
Operating cash flows before movements in working capital	(4,553,929)	(9,984,058)
(Increase) decrease in trade and other receivables	(13,971,442)	281,931
(Increase) decrease in inventories	(8,223,249)	147,745
(Increase) decrease in amounts due from fellow subsidiaries	(6,049,678)	(8,325,874)
Increase (decrease) in trade and other payables	6,250,692	(3,676,894)
Cash used in operations	(26,547,606)	(21,557,150)
Hong Kong Profits Tax paid	(121,883)	—
NET CASH USED IN OPERATING ACTIVITIES	(26,669,489)	(21,557,150)

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For the year ended 30 June 2004

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INVESTING ACTIVITIES		
Proceeds from disposal of subsidiaries (note 28)	51,013,483	—
Repayment of short-term loans receivable	5,057,730	5,598,014
Proceeds from disposal of investment properties	4,558,914	—
Repayment by ultimate holding company	2,351,786	—
Interest received	641,512	1,767,442
Proceeds from disposal of other investments	260,646	—
Proceeds from disposal of property, plant and equipment	30,000	10,547,940
Purchase of property, plant and equipment	(3,905,137)	(2,353,874)
Purchase of investment properties	(2,556,190)	—
(Increase) decrease in pledged time deposits	(17,548)	1,482,479
Dividend received	4,645	1,417
Advance of short-term loans receivable	—	(13,094,576)
Advances to ultimate holding company	—	(2,351,786)
NET CASH FROM INVESTING ACTIVITIES	57,439,841	1,597,056
FINANCING ACTIVITIES		
Advances from (repayment to) ultimate holding company	15,516,333	(1,389,869)
Increase (decrease) in bank borrowings	7,472,708	(10,458,637)
Advances from immediate holding company	963,843	—
Proceeds from exercise of warrants	1,523	—
Bank interest paid	(2,243,391)	(2,880,524)
(Decrease) increase in amount due to a director	(2,214,139)	2,214,139
Repayment of obligations under finance leases	(1,910,195)	(2,155,243)
(Decrease) increase in amount due to a minority shareholder	(1,073,370)	600
Interest paid on obligations under finance leases	(253,553)	(358,662)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	16,259,759	(15,028,196)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	47,030,111	(34,988,290)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	32,176,962	67,165,252
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	79,207,073	32,176,962
CASH AND CASH EQUIVALENTS AT 30 JUNE REPRESENTED BY		
Bank balances and cash	83,285,483	619,315
Time deposits	—	38,338,022
Bank overdrafts	(4,078,410)	(6,780,375)
	79,207,073	32,176,962