

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2004

| Note   | 2004<br>HK\$'000 | 2003<br>HK\$'000 |
|--|------------------|------------------|
| <b>Operating activities</b>  |                  |                  |
| Profit/(loss) before taxation                                      | 9                | (5,045)          |
| Adjustments for:   |                  |                  |
| Interest expenses  | 1,633            | 1,422            |
| Interest income  | (1)              | (8)              |
| Depreciation   | 181              | 182              |
| Write back of impairment loss on leasehold land and building       | (4,960)          | –                |
| Gain on disposal of fixed assets                                   | (15)             | –                |
| Loss on disposal of investment properties                          | –                | 285              |
| <b>Operating loss before changes in working capital</b>            | <b>(3,153)</b>   | <b>(3,164)</b>   |
| Decrease in inventories  | 369              | 455              |
| Decrease/(Increase) in prepayments, deposits and other receivables | 63               | (18)             |
| Decrease in trade receivables                                      | 87               | 103              |
| Increase in trade payables, other payables and accruals            | 269              | 493              |
| Decrease in deposits received                                      | –                | (1,457)          |
| (Decrease)/Increase in rental received in advance                  | (100)            | 150              |
| (Decrease)/Increase in provision for long service payment          | (16)             | 57               |
| <b>Cash used in operations</b>                                     | <b>(2,481)</b>   | <b>(3,381)</b>   |
| Interest received  | 1                | 8                |
| Interest paid  | (1,633)          | (1,422)          |
| Tax refund   | –                | 11               |
| Tax paid   | –                | –                |
| <b>Net cash used in operating activities</b>                       | <b>(4,113)</b>   | <b>(4,784)</b>   |
| <b>Investing activities</b>  |                  |                  |
| Payment to acquire fixed assets                                    | –                | (3)              |
| Net proceeds from sale of investment properties                    | –                | 11,215           |
| Net proceeds from sale of fixed assets                             | 15               | –                |
| <b>Net cash from investing activities</b>                          | <b>15</b>        | <b>11,212</b>    |
| <b>Financing activities</b>  |                  |                  |
| Issue of share capital   | 12,512           | 2,053            |
| Share issue expenses   | (646)            | (203)            |
| Repayment to a related party                                       | (7,647)          | (129)            |
| Repayment to Directors   | –                | (3)              |
| <b>Net cash from financing activities</b>                          | <b>4,219</b>     | <b>1,718</b>     |

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For the year ended 31 December 2004

|   | Note | 2004<br>HK\$'000 | 2003<br>HK\$'000 |
|---|------|------------------|------------------|
| Net increase in cash and cash equivalents |      | 121              | 8,146            |
| Cash and cash equivalents at 1 January    |      | (3,586)          | (11,732)         |
| Effect of foreign exchange rates changes  |      | –                | –                |
| Cash and cash equivalents at 31 December  | 28a  | (3,465)          | (3,586)          |

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

