

CONSOLIDATED CASH FLOW STATEMENT

For the period from 1 July 2004 to 31 December 2004

	1.7.2004 to 31.12.2004 HK\$	1.7.2003 to 30.6.2004 HK\$
OPERATING ACTIVITIES		
Loss from operations	(9,040,008)	(35,791,469)
Adjustments for:		
Interest income	(55,800)	(641,512)
Dividend income	—	(4,645)
Impairment loss recognised in respect of property, plant and equipment	1,135,486	5,530,864
Impairment loss recognised in respect of goodwill	—	660,000
Depreciation of property, plant and equipment	1,162,095	4,648,631
Allowance for obsolete inventories	1,650,000	2,516,382
Allowance on trade and other receivables	4,200,000	9,065,510
Allowance on short-term loans receivable	—	2,187,846
Amortisation of goodwill	—	110,000
Current account waived by former ultimate holding company	—	(3,727,375)
Amount due from fellow subsidiaries written off	—	11,336,399
Loss on disposal of other investments	—	144,354
Gain on disposal of property, plant and equipment	(61,062)	(30,000)
Gain on disposal of investment properties	—	(558,914)
Operating cash flows before movements in working capital	(1,009,289)	(4,553,929)
Decrease (increase) in trade and other receivables	3,691,782	(13,971,442)
Decrease (increase) in inventories	1,858,680	(8,223,249)
Increase in amounts due from fellow subsidiaries	—	(6,049,678)
(Decrease) increase in trade and other payables	(5,905,619)	6,250,692
Cash used in operations	(1,364,446)	(26,547,606)
Hong Kong Profits Tax paid	(19,554)	(121,883)
NET CASH USED IN OPERATING ACTIVITIES	(1,384,000)	(26,669,489)

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	Note	1.7.2004 to 31.12.2004 HK\$	1.7.2003 to 30.6.2004 HK\$
INVESTING ACTIVITIES			
Proceeds from disposal of subsidiaries	21	—	51,013,483
Repayment of short-term loans receivable		—	5,057,730
Proceeds from disposal of investment properties		—	4,558,914
Repayment by ultimate holding company		—	2,351,786
Interest received		55,800	641,512
Proceeds from disposal of other investments		—	260,646
Proceeds from disposal of property, plant and equipment		85,592	30,000
Purchase of property, plant and equipment		(1,785,605)	(3,905,137)
Purchase of investment properties		—	(2,556,190)
Increase in pledged time deposits		(19,515)	(17,548)
Dividend received		—	4,645
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES		(1,663,728)	57,439,841
FINANCING ACTIVITIES			
Advances from ultimate holding company		—	15,516,333
Increase in bank borrowings		282,916	7,472,708
(Repayment to) advances from immediate holding company		(963,843)	963,843
Proceeds from exercise of warrants		—	1,523
Bank interest paid		(580,797)	(2,243,391)
Decrease in amount due to a director		—	(2,214,139)
Repayment of obligations under finance leases		(226,903)	(1,910,195)
Decrease in amount due to a minority shareholder		—	(1,073,370)
Interest paid on obligations under finance leases		(21,576)	(253,553)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		(1,510,203)	16,259,759
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(4,557,931)	47,030,111
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR		79,207,073	32,176,962
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR		74,649,142	79,207,073
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR, REPRESENTED BY			
Bank balances and cash		76,375,752	83,285,483
Bank overdrafts		(1,726,610)	(4,078,410)
		74,649,142	79,207,073