

Consolidated Cash Flow Statement

For the year ended 31 December 2004

	Note	2004 HK\$'000	2003 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss from operating activities		(74,503)	(43,576)
Adjustments for:			
Depreciation		6,880	11,346
Amortisation of long term lease rights		–	1,700
Revaluation deficit on fixed assets		–	6,332
Net unrealised loss on short term investments		–	3,335
Long term lease rights written off		–	7,524
Bad debts written off		207	4,272
Deposits paid written off		–	9,161
Fixed assets written off		994	3,710
Provision for an amount due from an associate		–	1,782
Provision for impairment losses of goodwill		35,750	–
Provision for compensation expenses		4,656	–
Provision for salary provision written back		(1,333)	–
Provision for slow-moving and net realisable value of inventories		829	279
(Written back)/provision for loans receivable		(900)	1,200
Provision for bad and doubtful debts		5,327	12,479
Realised loss on short term investment		88	–
Gain on disposal of subsidiaries		(1,222)	–
(Gain)/loss on disposals of fixed assets, net		(4,713)	2,274
Gain on the write off of investment in a subsidiary		–	(71)
Write off of amount due from an ex-minority shareholder		4,350	–
Revaluation surplus on fixed assets		–	(777)
Bad debts written back		–	(329)
Provision for obsolete inventories written back		–	(1,498)
Interest income		–	(277)
Operating (loss)/profit before working capital changes		(23,590)	18,866
Decrease in prepayments, deposits and other receivables		33	12,950
Decrease in inventories		1,193	18,441
Increase in trade and bills receivables		(812)	(48,487)
Decrease in amounts due from an ex-director and related parties		211	–
(Decrease)/Increase in trade payables		(6,103)	5,528
Increase in other payables and accruals		1,126	12,380
Cash (used in)/generated from operations		(27,942)	19,678
Interest paid		(3,290)	(2,168)
Hong Kong profits tax refunded		–	143
Net cash (outflow)/inflow from operating activities		(31,232)	17,653

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For the year ended 31 December 2004

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CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets		(1,921)	(26,203)
Proceeds from disposals of fixed assets		30,018	375
Proceeds from disposals of short term investment		209	–
Disposal of subsidiaries (net of cash and cash equivalents)	34(a)	966	–
Acquisition of a subsidiary (net of cash and cash equivalents)	34(b)	1,360	–
Interest received		–	277
Net cash inflow/(outflow) from investing activities		30,632	(25,551)
CASH FLOWS FROM FINANCING ACTIVITIES			
Addition of new other loans		33,310	–
Addition of new finance lease		150	–
Decrease in trust receipt loans		–	(6,090)
Repayment of bank loans		(30,244)	(5,895)
Repayment of other loans		(3,222)	–
Capital element of finance lease rental payments		(228)	(66)
Advances to an associate		–	(21)
Repayment of loan from a director		–	437
Repayment of loans from third parties		2,101	110
Increase/(decrease) in pledged time deposits		(1,000)	30,000
Increase in amount due from a minority shareholder		(342)	–
Net cash (outflow)/inflow from financing activities		525	18,475
NET (DECREASE)/(INCREASE) IN CASH AND CASH EQUIVALENTS		(75)	10,577
Cash and cash equivalents at beginning of the year		(2,578)	(11,187)
Effect on foreign exchange rate changes		–	(1,968)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		(2,653)	(2,578)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,340	1,143
Bank overdrafts, secured		(3,993)	(3,721)
		(2,653)	(2,578)