

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2004

	Note	2004 HK\$'000	2003 HK\$'000
<b>Operating activities</b>			
Loss from ordinary activities before taxation		(21,415)	(93,694)
Adjustments for:			
Depreciation		4,964	8,071
Amortisation of development costs		–	5,845
Amortisation of goodwill		111	3,063
Interest income		(236)	(3)
(Gain)/loss on deemed disposal of a subsidiary		(1,776)	5,336
Gain on disposal of a subsidiary		(1,570)	–
Provision for quality guarantee deposit		–	44,933
Provision for impairment of investment securities		4,731	–
Surplus arising from revaluation of land and buildings		–	(397)
Net gain on disposal and written off of fixed assets		(288)	(280)
Finance costs		1,456	2,527
Share of losses of associates		8,011	3,743
Foreign exchange difference		98	49
<b>Operating loss before changes in working capital</b>		<b>(5,914)</b>	<b>(20,807)</b>
Decrease in other non-current assets		–	875
Increase in inventories		(5,059)	(7,113)
(Increase)/decrease in trade debtors and bills receivables		(2,925)	10,088
Decrease/(increase) in other debtors, deposits and prepayments		2,060	(2,217)
Increase in net amounts due from associates		(2)	(3,174)
Increase in trade creditors		2,922	4,967
Increase in other creditors and accrued charges		3,821	1,240
Increase in amount due to ultimate holding company		–	250
Decrease in amount due to a substantial shareholder		(1,300)	–
Increase in amounts due to directors		5,310	368
Decrease in amount due to former directors and officers		–	(154)
<b>Cash used in operations</b>		<b>(1,087)</b>	<b>(15,677)</b>
Tax recovered		–	2,124
Tax paid		–	(681)
<b>Net cash used in operating activities</b>		<b>(1,087)</b>	<b>(14,234)</b>
<b>Investing activities</b>			
Payment for purchase of fixed assets		(8,972)	(5,300)
Net proceeds from sale of fixed assets		4,430	1,395
Cash inflow from disposal of subsidiaries	30	2,604	587
Cash inflow from purchase of a subsidiary		–	2,318
Interest received		236	3
<b>Net cash used in investing activities</b>		<b>(1,702)</b>	<b>(997)</b>

The notes on pages 31 to 69 form an integral part of these financial statements.

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For the year ended 31 December 2004

	Note	2004 HK\$'000	2003 HK\$'000
<b>Financing activities</b>			
Proceeds from exercise of warrants	28(b)	1,154	–
Proceeds from warrant issue	28(b)	–	25,900
New loans from financial institutions		4,124	24,389
Repayment of loans from financial institutions		(584)	(35,493)
Expenses incurred in connection with warrant issue		–	(1,402)
Interest paid		(640)	(3,149)
<b>Net cash generated from financing activities</b>		<b>4,054</b>	<b>10,245</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,265</b>	<b>(4,986)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>385</b>	<b>5,371</b>
<b>Cash and cash equivalents at 31 December</b>		<b>1,650</b>	<b>385</b>

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