

Consolidated Cash Flow Statement

For the year ended 31 December 2004

	Note	2004 HK\$'000	2003 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) from operating activities before taxation		162,692	(261,745)
Adjustments for:			
Share of results of associated companies		–	(2)
Provision for doubtful debts and loans receivable		139	6,001
Interest income		(4)	(1)
Finance costs		1,268	4,039
Impairment loss on investments held for resale		–	115,739
Impairment loss on investments in associated companies		–	11,862
Impairment loss on intangible assets		–	2,426
Impairment loss on club membership		–	125
Depreciation of property, plant and equipment		477	705
Amortisation of intangible assets		–	14,551
Amortisation of premium on acquisition of associated companies		–	7,764
Gain on deconsolidation of a subsidiary under winding up Court order		(50,239)	–
Property, plant and equipment written off		–	1,064
Gain arising from debts discharged under Creditors' Scheme		(100,306)	–
Gain on disposal of subsidiaries		(23,022)	–
Loss on disposal of club membership		–	193
Provision for claims		–	17,270
Provision for litigation losses		–	72,662
Warranty claims on a disposed subsidiary		–	6,000
Profit guarantee related to acquisition of a subsidiary		–	(12,000)
Profit guarantee related to acquisition of associated companies		–	(7,000)
Operating loss before working capital changes		(8,995)	(20,347)
(Increase)/decrease in gross amounts due from customers on construction contracts		(16,993)	568
Decrease in accounts receivable		1,693	493
Increase in inventory		(748)	–
Decrease in prepayments, deposits and other receivables		793	911
Increase/(decrease) in accounts payable		1,845	(3,556)
Decrease in gross amounts due to customers on construction contracts		–	(229)
Increase in accruals and other payables		5,690	17,333
Cash used in operations		(16,715)	(4,827)
Net interest paid		(1,268)	(4,038)
Net cash used in operating activities		(17,983)	(8,865)

The notes on pages 24 to 58 form an integral part of these financial statements.

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For the year ended 31 December 2004

	<i>Note</i>	2004 HK\$'000	2003 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Deconsolidation of a winding-up subsidiary	28(b)	(43)	–
Purchase of property, plant and equipment		(3,415)	(622)
Disposal of subsidiaries	28(c)	(2)	–
Interest received		4	–
Proceeds from disposal of club membership		–	500
Deconsolidation of a subsidiary		–	(6)
		<u>(3,456)</u>	<u>(128)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		27,636	–
Payment to scheme creditors		(12,000)	–
Advances from a shareholder		7,762	7,331
Proceeds from bank borrowing		1,300	–
Repayment of bank borrowing		(6)	–
		<u>24,692</u>	<u>7,331</u>
Net cash generated from financing activities			
		<u>24,692</u>	<u>7,331</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,253	(1,662)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		<u>112</u>	<u>1,774</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		<u><u>3,365</u></u>	<u><u>112</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		<u><u>3,365</u></u>	<u><u>112</u></u>

The notes on pages 24 to 58 form an integral part of these financial statements.