

Consolidated Cash Flow Statement

For the year ended 31 December 2004

	Notes	2004 HK\$'000	2003 HK\$'000
Operating activities			
Loss from operating activities		(79,573)	(27,123)
Adjustments for:			
Interest income		(73)	(611)
Surplus on revaluation of leasehold land and buildings		(2,658)	(5,733)
Advertising and telecommunication services expense	29	9,427	8,954
Allowance for inventory obsolescence and write off of inventories		19,041	6,493
Allowance for amounts due from trade debtors		1,224	–
Allowance for amounts due from other debtors		5,046	–
Depreciation and amortisation of property and equipment		26,305	29,716
Impairment loss recognised in respect of goodwill		1,863	–
Impairment loss recognised in respect of property and equipment		2,060	–
Loss on disposal of property and equipment		4,646	577
Operating cash flows before movements in working capital		(12,692)	12,273
Decrease in rental and utility deposits		5,141	362
Increase in inventories		(13,664)	(1,291)
Decrease (Increase) in accounts receivable		4,550	(6,438)
Decrease in prepayments, deposits and other receivables		3,625	6,267
(Increase) Decrease in investments in securities		(6,518)	28,441
Decrease (Increase) in amounts due from fellow subsidiaries		6,753	(12,966)
(Decrease) Increase in accounts payable		(10,793)	21,493
Decrease in accrued liabilities and other payables		(2,399)	(9,317)
Decrease in amount due to ultimate holding company		–	(713)
Cash (used in) generated from operations		(25,997)	38,111
Hong Kong Profits Tax Paid		(61)	–
Net cash (used in) generated from operating activities		(26,058)	38,111
Investing activities			
Disposal of a subsidiary (net of cash and cash equivalents disposed of)		–	78
Interest received		73	611
Proceeds from disposal of property and equipment		129	15,576
Increase in pledged bank deposits		(16,002)	(11,500)
Purchases of property and equipment		(20,026)	(9,544)
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	24	(10,152)	–
Net cash used in investing activities		(45,978)	(4,779)

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Financing activities		
Decrease in bank overdrafts	(1,675)	(4,655)
(Decrease) Increase in trust receipt loans	(3,782)	8,444
New bank loan raised	22,000	25,500
Interest paid	(3,038)	(2,802)
Repayments of obligations under finance leases	(350)	(539)
Proceeds on issue of shares	51,730	–
Repayment of bank loan	(26,363)	–
Share issue expenses	(1,149)	–
Net cash from financing activities	37,373	25,948
Net (decrease) increase in cash and cash equivalents	(34,663)	59,280
Cash and cash equivalents at beginning of year	197,895	138,615
Cash and cash equivalents at end of year	163,232	197,895
Being:		
Bank balances and cash	163,232	197,895