

CONSOLIDATED CASH FLOW STATEMENT

Year ended 30 June 2004

| | Notes | 2004 HK\$ | 2003 HK\$ |
|---|-------|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before tax | | (6,100,480) | (18,156,574) |
| Adjustments for: | | | |
| Finance costs | 8 | 327,699 | 281,149 |
| Interest income | 6 | (1) | (5,798) |
| Gain on disposal of subsidiaries | 6 | (200) | – |
| Depreciation | 7 | 98,054 | 86,817 |
| Provision for a loan receivable | 7 | – | 1,107,200 |
| Impairment of investment securities | 7 | 2,500,000 | 7,392,800 |
| (Gain)/Loss on disposal of investment securities | 7 | (450,000) | 4,800,000 |
| Operating loss before working capital changes | | (3,624,928) | (4,494,406) |
| Decrease in a rental deposit | 23 | – | 42,611 |
| Decrease in trading securities | | – | 793,180 |
| Decrease/(increase) in prepayments, deposits and other receivables | | (67,900) | 222,236 |
| Increase in other payables and accrued liabilities | | 509,850 | 110,264 |
| Increase/(decrease) in amounts due to directors | | 13,012 | 514,986 |
| Cash used in operations | | (3,169,966) | (2,811,129) |
| Interest paid | | (258,822) | (281,149) |
| Net cash outflow from operating activities | | (3,428,788) | (3,092,278) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | | 1 | 5,798 |
| Purchases of fixed assets | 13 | (3,114) | (75,947) |
| Proceeds from disposal of subsidiaries | 23 | 200 | – |
| Purchases of investment securities, including a loan granted to an investee company | | – | (3,500,000) |
| Proceeds from disposal of an investment securities | | 450,000 | 200,000 |
| Net cash inflow/(outflow) from investing activities | | 447,087 | (3,370,149) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares | 20 | 2,000,000 | – |
| Share issue expenses | 20 | (46,595) | – |
| New other loans | | 1,500,000 | 3,646,250 |
| Repayment of other loans | | (4,546,250) | (600,000) |
| Advance of loan from a director | | 1,500,000 | – |
| Advance of loan from a shareholder | | 2,500,000 | – |
| Increase in an amount due to a shareholder | | 101,044 | – |
| Net cash inflow from financing activities | | 3,008,199 | 3,046,250 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 26,498 | (3,416,177) |
| Cash and cash equivalents at beginning of year | | 74,995 | 3,491,172 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | 101,493 | 74,995 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | | 101,493 | 74,995 |