

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2004

	2004 HK\$'000	2003 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(99,338)	(268,317)
Adjustments for:		
Finance costs	2,424	1,141
Share of losses of associates	9,654	729
Loss on deconsolidation of subsidiaries	14,020	–
Impairment losses on investments	22,631	–
Interest income	(2)	(26)
Depreciation	3,350	27,243
Amortisation of goodwill	(103)	2,093
Loss on disposal of leasehold land and buildings	–	6,513
Loss on disposal of fixed assets, excluding leasehold land and buildings	–	6,918
Write-off of fixed assets	711	29,570
Write-off of deposits recoverable	–	10,093
Write-off of inventories, Euro converters	–	60,887
Write-off of slow-moving inventories	–	31,804
Write-off of damaged inventories	–	35,436
Impairment of goodwill	16,081	–
Provision for slow-moving inventories	–	15,669
Loss in respect of discounts given in collection of trade debts	–	33,331
Loss on deemed partial disposal of interests in associates	–	4,342
Exchange fluctuation reserve realised on disposal of subsidiaries	–	21
Operating loss before working capital changes	(30,572)	(2,553)
Decrease/(increase) in inventories	25,395	(85,435)
Decrease in trade receivables	1,739	18,880
Decrease in prepayments, deposits and other receivables	1,096	15,136
(Decrease)/increase in trade and bills payables	(12,018)	11,427
(Decrease)/increase in accrued liabilities and other payables	(4,733)	1,669
Cash used in operations	(19,093)	(40,876)
Interest paid on bank and other borrowings	(1,039)	(962)
Interest element on finance lease rental payments	(112)	(179)
Interest on promissory notes and convertible note	(740)	–
Other interest paid to trade creditors	(533)	–
Hong Kong profits tax (paid)/refunded	(60)	689
Net cash outflow from operating activities	(21,577)	(41,328)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the year ended 31 March 2004

	Notes	2004 HK\$'000	2003 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2	26
Purchase of fixed assets		(5,940)	(5,443)
Proceeds from disposal of fixed assets		–	9,666
Acquisition of subsidiaries in the People's Republic of China ("PRC")	32(b)	508	–
Acquisition of a long term investment		–	(23,148)
Acquisition of minority interests		–	(6,300)
Decrease in pledged bank deposits		–	1,000
Deposits paid for acquisition of subsidiaries		(1,768)	–
Net cash outflow from investing activities		(7,198)	(24,199)
CASH FLOWS FROM FINANCING ACTIVITIES			
	32(a)		
Proceeds from issue of convertible bonds		13,500	–
Proceeds from issue of shares		25,123	43,751
Share issue expenses		(649)	(3,087)
(Repayment to)/advance from a shareholder		(1,500)	4,630
Advance from a director		1,811	–
Other loans raised		3,003	–
Advance from a related company		472	–
Advance from minority shareholders of subsidiaries		372	–
Repayment of other loans		(2,038)	–
Decrease in trust receipt loans		–	(2,344)
Repayment of bank loans and mortgage loans		(4,836)	(8,949)
Capital element of finance lease rentals payments		(3,409)	(1,581)
Net cash inflow from financing activities		31,849	32,420
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,074	(33,107)
CASH AND CASH EQUIVALENTS AT 1 APRIL		123	33,230
CASH AND CASH EQUIVALENTS AT 31 MARCH		3,197	123
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		3,197	123

The notes on pages 24 to 60 form an integral part of these financial statements.