

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2004

| | <i>Notes</i> | 2004 HK\$'000 | 2003 HK\$'000 |
|--|--------------|--------------------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before tax | | (9,024) | (8,805) |
| Adjustments for: | | | |
| Finance costs | 9 | 518 | 212 |
| Share of loss of a jointly-controlled entity | | 25 | – |
| Interest income | 6 | (62) | (109) |
| Depreciation | 8 | 125 | 163 |
| Gain on disposal of fixed assets | 8 | (2) | (4) |
| | | <hr/> | <hr/> |
| Operating loss before working capital changes | | (8,420) | (8,543) |
| Increase in amount due from fellow subsidiaries | | (824) | (499) |
| Increase in amount due from a jointly-controlled entity | | (81) | – |
| Decrease in gross amounts due from contract customers | | 253 | 350 |
| Decrease/(increase) in trade receivables | | 589 | (1,952) |
| Increase in other receivables | | (8,306) | (190) |
| Increase/(decrease) in trade and bills payables | | 2,587 | (320) |
| Increase in retention money payable | | 429 | 349 |
| Increase in other payables and accruals | | 1,941 | 483 |
| Increase/(decrease) in gross amounts due to contract customers | | (1,533) | 3,466 |
| Increase in amount due to fellow subsidiaries | | 11,531 | 121 |
| Increase in amount due to the ultimate holding company | | 202 | – |
| | | <hr/> | <hr/> |
| Cash used in operations | | (1,632) | (6,735) |
| Overseas taxes paid | | (135) | – |
| | | <hr/> | <hr/> |
| Net cash outflow from operating activities | | (1,767) | (6,735) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | | 62 | 109 |
| Purchases of fixed assets | 14 | (37) | (142) |
| Proceeds from disposal of fixed assets | | 2 | 4 |
| Capital contribution to a jointly-controlled entity | | (500) | – |
| Acquisition of subsidiaries | 30 | (454) | – |
| Repayment to the minority shareholders | | (382) | – |
| Decrease/(increase) in pledged time deposits | | (161) | 378 |
| | | <hr/> | <hr/> |
| Net cash inflow/(outflow) from investing activities | | (1,470) | 349 |

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Year ended 31 March 2004

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|--|--------------|--------------------------------|------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Interest paid | | (518) | (212) |
| Exercise of warrants | 27 | – | 3 |
| Redemption of convertible notes | 25 | (9,646) | – |
| Increase/(decrease) in trust receipt loans | | 261 | (482) |
| New bank loans | | 8,500 | – |
| Repayment of bank loans | | (383) | – |
| | | <hr/> | <hr/> |
| Net cash outflow from financing activities | | (1,786) | (691) |
| | | <hr/> | <hr/> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | | |
| | | (5,023) | (7,077) |
| Cash and cash equivalents at beginning of year | | 2,242 | 9,319 |
| | | <hr/> | <hr/> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | (2,781) | 2,242 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | 21 | 1,051 | 2,242 |
| Bank overdrafts | 24 | (3,832) | – |
| | | <hr/> | <hr/> |
| | | (2,781) | 2,242 |
| | | <hr/> <hr/> | <hr/> <hr/> |