

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2004

	2004 HK\$'000	2003 HK\$'000
OPERATING ACTIVITIES		
Loss before taxation	(72,481)	(150,937)
Adjustments for:		
Amortisation of development costs	18,706	18,431
Depreciation and amortisation of property, plant and equipment	10,957	10,363
Dividend income	(140)	(375)
Interest expenses	9	16
Interest income	(389)	(754)
Loss on disposal of property, plant and equipment	3	99
Write-down of inventories	2,500	1,078
Allowances for other debtors and deposits	1,123	25,975
Net realised (gain) loss on investments in securities	(1,960)	1,898
Net unrealised (gain) loss on other investments	(15,600)	5,565
Share of results of associates	9,514	8,518
Share of result of a jointly controlled entity	1,136	2,607
Gain on disposal of an associate	(1,995)	–
Loss on deemed disposal of an associate	1,548	–
Impairment loss recognised in respect of goodwill reserve	6,000	–
Amortisation of goodwill	–	220
Impairment loss recognised in respect of goodwill arising on acquisition of an associate	–	4,389
Gain on disposal of subsidiaries	–	(16,328)
Gain on expiry of warrants	–	(97)
Allowances for loans to associates	–	28,000
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Operating cash flows before movements in working capital	(41,069)	(61,332)
Increase in inventories	(4,436)	(14,405)
Decrease in trade debtors	1,515	2,930
Decrease (increase) in other debtors, deposits and prepayments	1,454	(6,823)
Increase in amounts due from related companies	(1,469)	(2,093)
Increase in amount due from a jointly controlled entity	(59)	(23)
Decrease in trade creditors	(565)	(1,377)
Increase in other creditors and accrued charges	3,300	1,541
Decrease in amounts due to related companies	(487)	(1,763)
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NET CASH USED IN OPERATIONS	(41,816)	(83,345)
Interest received	389	754
Hong Kong Profits Tax refunded	398	204
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NET CASH USED IN OPERATING ACTIVITIES	(41,029)	(82,387)

	2004 HK\$'000	2003 HK\$'000
INVESTING ACTIVITIES		
Proceeds from disposal of an associate	14,001	–
Proceeds from disposal of investments in securities	5,062	13,047
Dividend received from investments in securities	140	375
Purchase of property, plant and equipment	(1,790)	(6,656)
Additions to development costs	(8,121)	(14,326)
Advances to associates	(9,241)	(11,225)
Disposal of subsidiaries	–	(2,318)
Proceeds from disposal of property, plant and equipment	–	23
Purchase of investments in securities	–	(1,200)
Acquisition of interest in an associate	–	(27,005)
Acquisition of interest in a jointly controlled entity	–	(9,500)
	<u>51</u>	<u>(58,785)</u>
NET CASH FROM (USED IN) INVESTING ACTIVITIES		
FINANCING ACTIVITIES		
Net proceeds from issue of shares	71,051	61,139
Net proceeds from issue of warrants	23,774	–
Repayment of obligations under a finance lease	(34)	(50)
Interest paid	(9)	(16)
	<u>94,782</u>	<u>61,073</u>
NET CASH FROM FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	53,804	(80,099)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		
	15,835	95,916
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		
	170	18
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		
	<u>69,809</u>	<u>15,835</u>
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Deposits with banks and other financial institutions	<u>69,809</u>	<u>15,835</u>