

**CONSOLIDATED CASH FLOW STATEMENT**

For the year ended 30th June, 2004

	Note	<b>2004 HK\$'000</b>	2003 HK\$'000
<b>OPERATING ACTIVITIES</b>			
Loss before taxation		<b>(11,144)</b>	(4,388)
Adjustments for:			
Amortisation of goodwill		<b>6,200</b>	–
Write-off of property, plant and equipment		<b>848</b>	505
Impairment loss recognised in respect of property, plant and equipment		<b>425</b>	–
Unrealised holding loss on investments in securities		<b>422</b>	–
Depreciation and amortisation of property, plant and equipment		<b>398</b>	591
Gain on disposals of investments in securities		<b>(164)</b>	–
Interest income		<b>(31)</b>	(64)
Loss on disposals of property, plant and equipment		<b>–</b>	75
Operating cash flows before movements in working capital		<b>(3,046)</b>	(3,281)
(Increase) decrease in inventories		<b>(1,600)</b>	1,309
Decrease (increase) in trade and other receivables		<b>8,395</b>	(6,478)
(Decrease) increase in trade and other payables		<b>(6,544)</b>	4,573
Cash used in operations		<b>(2,795)</b>	(3,877)
PRC enterprise income tax paid		<b>–</b>	(61)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(2,795)</b>	(3,938)
<b>INVESTING ACTIVITIES</b>			
Purchase of investments in securities		<b>(1,988)</b>	–
Purchase of property, plant and equipment		<b>(19)</b>	–
Proceeds from disposals of investments in securities		<b>1,045</b>	–
Decrease (increase) in pledged bank deposits		<b>725</b>	(800)
Acquisition of a subsidiary	19	<b>35</b>	–
Interest received		<b>31</b>	64
Proceeds from disposals of property, plant and equipment		<b>–</b>	3
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(171)</b>	(733)
<b>FINANCING ACTIVITIES</b>			
Share issue expenses		<b>(18)</b>	(52)
Issue of shares		<b>–</b>	15,000
<b>NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES</b>		<b>(18)</b>	14,948
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,984)</b>	10,277
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>30,062</b>	19,785
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<b>27,078</b>	30,062
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Bank balances and cash		<b>27,105</b>	30,130
Bank overdraft		<b>(27)</b>	(68)
		<b>27,078</b>	30,062