

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31ST MARCH, 2005

| | <i>Note</i> | 2005 HK\$ | 2004 HK\$ |
|--|-------------|----------------------------|---------------------|
| OPERATING ACTIVITIES | | | |
| Loss from operations | | (21,956,704) | (7,472,931) |
| Adjustments for: | | | |
| Interest income | | (583) | (15,116) |
| Depreciation | | 653,969 | 3,153,121 |
| Allowances for doubtful debts | | 5,003,923 | 6,767,800 |
| Allowances for inventories | | – | 844,015 |
| Impairment loss reversed in respect of investments in securities | | – | (11,622,394) |
| Loss (gain) on disposal of investments in listed securities | | 814,261 | (831,826) |
| (Gain) loss on disposal of property, plant and equipment | | (19,512) | 167,068 |
| Gain on disposal of an associate | | – | (230,934) |
| Unrealised gain on investments in listed securities | | (180,000) | (42,000) |
| Operating cash flows before movements in working capital | | (15,684,646) | (9,283,197) |
| Decrease (increase) in other receivables | | 157,351 | (157,351) |
| Decrease in inventories | | 836,103 | 15,976,100 |
| Decrease in contract in progress | | – | 9,518,913 |
| Decrease (increase) in accounts receivable and prepayments | | 3,667,532 | (4,188,152) |
| Decrease in amounts due from minority shareholders | | – | 2,302,587 |
| Decrease in amount due from a related company | | – | 4,296,984 |
| Decrease in accounts payable and accrued charges | | (6,875,924) | (2,993,985) |
| Increase in due to a customer on contract work | | 2,093,389 | – |
| Increase in bill payable | | 1,346,309 | – |
| Increase (decrease) in amounts due to related companies | | 7,298,295 | (13,035,347) |
| Net cash (used in) from operations | | (7,161,591) | 2,436,552 |
| Hong Kong Profits Tax refunded | | 997,871 | – |
| Overseas tax paid | | (15,247) | (171,731) |
| NET CASH (USED IN) FROM OPERATING ACTIVITIES | | (6,178,967) | 2,264,821 |
| INVESTING ACTIVITIES | | | |
| Interest received | | 583 | 15,116 |
| Advances (to) from associates | | (601,288) | 2,796,719 |
| Repayment from a jointly controlled entity | | 4,658,481 | – |
| Advance from an investee company | | – | 3,460,560 |
| Acquisition of additional interest in a subsidiary | | – | (156,000) |
| De-consolidation of a subsidiary | 29 | (4,289,596) | – |
| Purchase of property, plant and equipment | | (100,651) | (143,970) |
| Proceeds on disposal of investments in listed securities | | 5,058,035 | 17,955,874 |
| Proceeds on disposal of property, plant and equipment | | 21,000 | 4,288 |
| NET CASH FROM INVESTING ACTIVITIES | | 4,746,564 | 23,932,587 |

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31ST MARCH, 2005

| | 2005 | 2004 |
|--|--------------------|--------------|
| | HK\$ | HK\$ |
| FINANCING ACTIVITIES | | |
| Interest paid | (152,258) | (313,357) |
| Repayment of advances from minority shareholders | — | (18,854,323) |
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| NET CASH USED IN FINANCING ACTIVITIES | (152,258) | (19,167,680) |
| | <hr/> | <hr/> |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (1,584,661) | 7,029,728 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 8,272,348 | 1,272,387 |
| EFFECT ON FOREIGN EXCHANGE RATE CHANGES | 16,169 | (29,767) |
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| CASH AND CASH EQUIVALENTS, END OF YEAR | 6,703,856 | 8,272,348 |
| | <hr/> <hr/> | <hr/> <hr/> |
| ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Bank balances and cash | 8,929,047 | 11,790,694 |
| Bank overdrafts | (2,225,191) | (3,518,346) |
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| | 6,703,856 | 8,272,348 |
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