

# Consolidated Cash Flow Statement

For the year ended 31st March, 2005

	2005 HK\$'000	2004 HK\$'000
<b>OPERATING ACTIVITIES</b>		
Loss before taxation	<b>(162,931)</b>	(72,481)
Adjustments for:		
Amortisation of development costs	<b>23,818</b>	18,706
Depreciation and amortisation of property, plant and equipment	<b>7,422</b>	10,957
Dividend income	<b>(82)</b>	(140)
Interest expenses	<b>9</b>	9
Interest income	<b>(328)</b>	(389)
Loss on disposal of property, plant and equipment	<b>219</b>	3
Write-down of inventories	<b>14,294</b>	2,500
Allowances for trade and other debtors	<b>8,166</b>	1,123
Net realised loss (gain) on investments	<b>342</b>	(1,960)
Net unrealised loss (gain) on investments in securities	<b>42,324</b>	(15,600)
Share of results of associates	<b>10,034</b>	9,514
Share of result of a jointly controlled entity	<b>1,526</b>	1,136
Gain on disposal of an associate	<b>–</b>	(1,995)
Loss on deemed disposal of an associate	<b>–</b>	1,548
Impairment loss recognised in respect of development costs	<b>6,700</b>	–
Impairment loss recognised in respect of goodwill in reserve	<b>10,777</b>	6,000
Impairment loss recognised in respect of premium on formation of a jointly controlled entity	<b>3,491</b>	–
Write back of impairment loss previously recognised in respect of property, plant and equipment	<b>(23,000)</b>	–
Allowances for amounts due from associates	<b>5,591</b>	–
Operating cash flows before movements in working capital	<b>(51,628)</b>	(41,069)
Increase in inventories	<b>(2,106)</b>	(4,436)
(Increase) decrease in trade debtors	<b>(1,339)</b>	1,515
Decrease in other debtors, deposits and prepayments	<b>5,752</b>	1,454
Decrease (increase) in amounts due from related companies	<b>28</b>	(1,469)
Increase in amount due from a jointly controlled entity	<b>(1,458)</b>	(59)
Increase (decrease) in trade creditors	<b>4,163</b>	(565)
(Decrease) increase in other creditors and accrued charges	<b>(3,181)</b>	3,300
Decrease in amounts due to related companies	<b>(21)</b>	(487)
<b>NET CASH USED IN OPERATIONS</b>	<b>(49,790)</b>	(41,816)
Interest received	<b>328</b>	389
Hong Kong Profits Tax (paid) refunded	<b>(62)</b>	398
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(49,524)</b>	(41,029)

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	2005 HK\$'000	2004 HK\$'000
<b>INVESTING ACTIVITIES</b>		
Additions to development costs	(17,438)	(8,121)
Advances to associates	(17,318)	(9,241)
Purchase of investments in securities	(2,331)	–
Purchase of property, plant and equipment	(1,164)	(1,790)
Proceeds from disposal of investments in securities	2,577	5,062
Dividend received from investments in securities	82	140
Proceeds from disposal of property, plant and equipment	5	–
Proceeds from disposal of an associate	–	14,001
	<u>(35,587)</u>	<u>51</u>
<b>FINANCING ACTIVITIES</b>		
Net proceeds from issue of shares	30,583	71,051
Share issue expenses	(51)	–
Repayment of obligations under a finance lease	(34)	(34)
Interest paid	(9)	(9)
Net proceeds from issue of warrants	–	23,774
	<u>30,489</u>	<u>94,782</u>
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>	<b>(35,587)</b>	<b>51</b>
<b>FINANCING ACTIVITIES</b>	<b>30,489</b>	<b>94,782</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(54,622)</b>	<b>53,804</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>69,809</b>	<b>15,835</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>7</b>	<b>170</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>15,194</b>	<b>69,809</b>
<b>ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS</b>		
Bank balances and deposits with other financial institutions	<u>15,194</u>	<u>69,809</u>