

Consolidated Cash Flow Statement

For the year ended 31st March, 2005

	2005 HK\$	2004 HK\$
OPERATING ACTIVITIES		
Loss from operations	(7,034,675)	(9,382,659)
Adjustments for:		
Amortisation of development costs	2,175,841	1,430,868
Depreciation of property, plant and equipment	4,293,970	6,235,298
Allowance for bad and doubtful debts	406,333	258,613
Allowance for slow-moving and obsolete inventories	2,998,226	1,095,866
Revaluation deficit of property, plant and equipment	200,000	–
Impairment loss on unlisted investment	366,407	–
Allowance for properties held for sale	107,413	317,181
Interest income	(114,029)	(39,956)
Loss (gain) on disposal of property, plant and equipment	64,622	(1,328,852)
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Operating cash flows before movements in working capital	3,464,108	(1,413,641)
Decrease in inventories	2,475,927	16,764,175
Decrease in properties held for sale	1,250,000	–
Decrease in trade and other receivables	63,855	4,012,081
Decrease in trade and other payables	(4,643,260)	(27,069,753)
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NET CASH FROM (USED IN) OPERATING ACTIVITIES	2,610,630	(7,707,138)
INVESTING ACTIVITIES		
Increase in development costs	(1,924,917)	(2,730,696)
Purchase of property, plant and equipment	(48,417)	(725,154)
Interest received	114,029	39,956
Proceeds on disposal of property, plant and equipment	45,664	1,878,923
Decrease in pledged bank deposits	–	3,900,000
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NET CASH (USED IN) FROM INVESTING ACTIVITIES	(1,813,641)	2,363,029

Consolidated Cash Flow Statement (Continued)

For the year ended 31st March, 2005

	2005	2004
	HK\$	HK\$
FINANCING ACTIVITIES		
Advance from a former intermediate holding company	5,080,000	–
Decrease in bank loans	(2,803,738)	–
Decrease in trust receipt loans	(1,288,395)	(13,719,371)
Interest paid	(171,476)	(491,864)
New bank loans raised	–	2,803,738
Net proceed from issue of shares and premiums	–	3,478,130
Repayment of obligations under finance leases	–	(31,788)
Interest paid on finance leases	–	(795)
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NET CASH FROM (USED IN) FINANCING ACTIVITIES	816,391	(7,961,950)
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NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,613,380	(13,306,059)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	5,870,000	19,176,059
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CASH AND CASH EQUIVALENTS AT END OF THE YEAR	7,483,380	5,870,000
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ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	8,902,932	5,870,000
Bank overdrafts	(1,419,552)	–
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	7,483,380	5,870,000
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