

Consolidated Cash Flow Statement

for the year ended 31st March 2005

| | Notes | 2005 HK\$'000 | 2004 HK\$'000 |
|--|-------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| (Loss)/profit before tax and minority interests | | (6,459) | 15,479 |
| Adjustments for: | | | |
| Interest income | | (6) | (4) |
| Dividend income | | – | (83) |
| Depreciation | | 1,437 | 2,101 |
| Amortisation of deferred expenditure | | 75 | 75 |
| Finance costs | | 2,183 | 1,802 |
| Impairment loss on deferred expenditure | | 1,275 | – |
| Loss on deemed disposal of a subsidiary | | – | 702 |
| Share of profit of an associate | | (711) | (566) |
| Gain on disposal of investment in securities | | (122) | – |
| Gain on reversal of revaluation deficit | | (484) | – |
| Operating (loss)/profit before working capital changes | | (2,812) | 19,506 |
| (Increase)/Decrease in inventories | | (1,547) | 2,527 |
| (Increase)/Decrease in trade receivables | | (5,010) | 726 |
| Increase in prepayments, deposits and other receivables | | (3,055) | (3,774) |
| Increase in trade payables | | 10,132 | 151 |
| (Decrease)/Increase in other payables and accrued expenses | | (2,373) | 970 |
| Increase/(Decrease) in trade deposits received | | 2,533 | (3,876) |
| Cash generated from operations | | (2,132) | 16,230 |
| Interest and bank charges paid | | (2,183) | (1,802) |
| Tax paid | | (935) | (3,370) |
| Net cash (outflow)/inflow from operating activities | | (5,250) | 11,058 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | | 6 | 4 |
| Dividend received from unlisted investments | | – | 83 |
| Purchases of property, plant and equipment | | (4,123) | (6,129) |
| Sales proceeds from disposal of property, plant and equipment | | 235 | – |
| Increase in long-term deposits and prepayments | | (9,521) | – |
| Purchase of investment securities | | – | (9,346) |
| Acquisition of option to acquire an equity interest of a company | 19 | – | (15,000) |
| Repayment from associate | | – | 1,910 |
| Cash effect on deemed disposal of a subsidiary | 30 | – | 5,295 |
| Cash effect of formation of Chinese foreign equity joint venture | | – | 4,487 |
| Net cash outflow from investing activities | | (13,403) | (18,696) |

Consolidated Cash Flow Statement *(continued)*

for the year ended 31st March 2005

| | Notes | 2005 HK\$'000 | 2004 HK\$'000 |
|---|-------|------------------|------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of share capital | 26 | – | 734 |
| Proceeds from issue of warrants | 26 | 2,771 | – |
| Repayment of bank loans | | (2,333) | – |
| Capital element of finance lease rental payments | | (154) | (200) |
| Proceeds from bank loans | | – | 9,704 |
| Proceeds from disposal of investments in securities | | 722 | – |
| Net cash inflow from financing activities | | 1,006 | 10,238 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | | | |
| Cash and cash equivalents at beginning of year | | 19,999 | 17,388 |
| Effect on foreign exchange rate changes | | 42 | 11 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | 2,394 | 19,999 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | | 5,107 | 19,999 |
| Bank overdrafts | | (2,713) | – |
| | | 2,394 | 19,999 |

The accompanying notes form an integral part of these financial statements.