Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2006

Loss before taxation (23,166,081) (22,289,348) Adjustments for: Interest income (38,578) (583) Imputed interest income (48,369) (53,992) Interest expense 219,724 152,258 Depreciation 596,426 653,969 Allowances for bad and doubtful debts - 5,003,923 Write-down of inventories 1,238,186 - Allowance for amounts due from minority shareholders 3,208,165 - Share of result of a jointly controlled entity 1,616,361 (12,326,855) Loss on disposal of investments in listed securities - 84,206 Gain on disposal of property, plant and equipment 29,559 (19,512) Gain on liquidation of a subsidiary (1,765,430) - Net change in fair value of investments held for trading (79,619) - Unrealised gain on investments in listed securities - (180,000) Decrease in facs accounts receivable and prepayments 5,001,028 3,667,532 Decrease in accounts receivables - 157,551 Decrease in nother receivables	,	Vote	2006 <i>HK\$</i>	2005 <i>HK\$</i>
Adjustments for:	OPERATING ACTIVITIES			
Interest income (38,578) (583) Imputed interest income (48,369) - Interest expense 219,724 152,258 Depreciation 596,426 653,969 Allowances for bad and doubtful debts - 5,005,923 Write-down of inventories 1,238,186 - Allowance for amounts due from minority shareholders 3,208,165 - Share of results of a sosociates 18,079,680 12,507,241 Share of results of a jointly controlled entity 1,616,361 (12,326,855) Loss on disposal of investments in listed securities - 814,261 Gain on disposal of available-for-sale investments (8,399,066) - Loss (gain) on disposal of property, plant and equipment 29,559 (19,512) Gain on liquidation of a subsidiary (1,765,430) - Net change in fair value of investments held for trading (759,619) - Unrealised gain on investments in listed securities - (180,000) Operating cash flows before movements in working capital (9,189,042) (15,684,646) Decrease in inventories	Loss before taxation		(23,166,081)	(22,289,348)
Imputed interest income 148,369	Adjustments for:			
Interest expense 219,724 152,258 Depreciation 596,426 653,969 Allowances for bad and doubtful debts - 5003,923 Write-down of inventories 1,238,186 - Allowance for amounts due from minority shareholders 3,208,165 - Share of results of associates 18,079,680 12,507,241 Share of results of a jointly controlled entity 1,616,361 (12,326,855) Loss on disposal of investments in listed securities - 814,261 Gain on disposal of available-for-sale investments (8,399,066) - Loss (gain) on disposal of property, plant and equipment 29,559 (19,512) Gain on liquidation of a subsidiary (1,765,430) - Unrealised gain on investments held for trading (759,619) - Unrealised gain on investments in listed securities - (180,000) Operating cash flows before movements in working capital (9,189,042) (15,684,646) Decrease in inventories 302,664 836,103 Decrease in accounts receivable and prepayments 5,001,028 3,667,532 Decrease in accounts receivables - 157,351 Decrease in investments held for trading (9,762,881) - Decrease in investments held for trading (9,762,881) - Decrease in available-for-sale investments/investments in securities 20,380,092 5,058,035 Decrease in available-for-sale investments/investments in securities (2,093,389) 2,093,589 Decrease in accounts payable and accrued charges (429,291) (6,875,924) Decrease in accounts payable and accrued charges (429,291) (6,875,924) Decrease in accounts payable and accrued charges (429,291) (6,875,924) Decrease in form (used in) operations 4,654,618 (9,401,851) Net cash from (used in) operations 4,654,618 (9,401,851) Hong Kong Profits Tax refunded - 997,871 Overseas tax paid (1,346,309) (1,346,309) (1,346,309) Net CASH FROM (USED IN) OPERATING ACTIVITIES (6,021,472) (6,01,288) Advances to associates (6,021,472) (6,01,288) Advances from a jointly co	Interest income			(583)
Depreciation				_
Allowances for bad and doubtful debts				
Write-down of inventories	-		596,426	
Allowance for amounts due from minority shareholders Share of results of associates Share of results of a jointly controlled entity Share of result of a jointly controlled entity Loss on disposal of investments in listed securities Gain on disposal of available-for-sale investments (8,399,066) Loss (gain) on disposal of property, plant and equipment Gain on liquidation of a subsidiary Net change in fair value of investments held for trading Unrealised gain on investments in listed securities Operating cash flows before movements in working capital Decrease in inventories Operating cash flows before movements in working capital Decrease in accounts receivable and prepayments Decrease in accounts receivable and prepayments Decrease in other receivables Decrease in announts due from minority shareholders Increase in investments held for trading Decrease in available-for-sale investments/investments In securities Decrease in available-for-sale investments/investments In securities Decrease in accounts payable and accrued charges (429,291) (6,875,924) (Decrease) increase in amount due to a customer on contract work (Decrease) increase in bills payable (Decrease) increase in bills payable (1,346,309) Net cash from (used in) operations Hong Kong Profits Tax refunded Net CASH FROM (USED IN) OPERATING ACTIVITIES Interest received 38,578 Advances to associates Advances from a jointly controlled entity 7,035,046 4,658,481 De-consolidation of a subsidiary 30 - (4,289,596) Purchase of property, plant and equipment - 21,000			_	5,003,923
Share of results of a ssociates 18,079,680 12,507,241 Share of result of a jointly controlled entity 1,616,361 (12,326,855) Loss on disposal of investments in listed securities – 814,261 Gain on disposal of available-for-sale investments (8,399,066) – Loss (gain) on disposal of property, plant and equipment 29,559 (19,512) Gain on liquidation of a subsidiary (1,765,430) – Net change in fair value of investments held for trading (759,619) – Unrealised gain on investments in listed securities – (180,000) Operating cash flows before movements in working capital (9,189,042) (15,684,646) Decrease in accounts receivable and prepayments 302,664 836,103 Decrease in accounts receivable and prepayments 5,001,028 3,667,532 Decrease in amounts due from minority shareholders 1,791,746 – Increase in investments held for trading (9,762,881) – Decrease in accounts payable and accrued charges (429,291) (6,875,924) (Decrease) increase in amount due to a customer on contract work (2,093,389) 2,093,389				_
Share of result of a jointly controlled entity				_
Loss on disposal of investments in listed securities				
Gain on disposal of available-for-sale investments (8,399,066) - Loss (gain) on disposal of property, plant and equipment 29,559 (19,512) Gain on liquidation of a subsidiary (1,765,430) - Net change in fair value of investments held for trading (759,619) - Unrealised gain on investments in listed securities - (180,000) Operating cash flows before movements in working capital (9,189,042) (15,684,646) Decrease in investments 302,664 836,103 Decrease in accounts receivables and prepayments 5,001,028 3,667,532 Decrease in accounts receivables - 157,351 Increase in amounts due from minority shareholders 1,791,746 - Increase in investments held for trading (9,762,881) - Decrease in available-for-sale investments/investments (30,380,092) 5,058,035 Decrease in accounts payable and accrued charges (429,291) (6,875,924) (Decrease) increase in amount due to a customer on contract work (2,093,389) 2,093,389 (Decrease) increase in bills payable (1,346,309) 1,346,309 Net c			1,616,361	
Loss (gain) on disposal of property, plant and equipment Gain on liquidation of a subsidiary (1,765,430) -			_	814,261
Gain on liquidation of a subsidiary (1,765,430) - Net change in fair value of investments held for trading (759,619) - Unrealised gain on investments in listed securities - (180,000) Operating cash flows before movements in working capital (9,189,042) (15,684,646) Decrease in inventories 302,664 836,103 Decrease in accounts receivable and prepayments 5,001,028 3,667,532 Decrease in other receivables - 157,351 Decrease in amounts due from minority shareholders 1,791,746 - Increase in investments held for trading (9,762,881) - Decrease in available-for-sale investments/investments (9,762,881) - in securities 20,380,092 5,058,035 Decrease in accounts payable and accrued charges (429,291) (6,875,924) (Decrease) increase in amount due to a customer on contract work (2,093,389) 2,093,389 (Decrease) increase in bills payable (1,346,309) 1,346,309 Net cash from (used in) operations 4,654,618 (9,401,851) Hong Kong Profits Tax refunded - <	*			- (10.510)
Net change in fair value of investments held for trading Unrealised gain on investments in listed securities		nt		(19,512)
Unrealised gain on investments in listed securities — (180,000) Operating cash flows before movements in working capital Decrease in inventories 302,664 836,103 Decrease in accounts receivable and prepayments 5,001,028 3,667,532 Decrease in other receivables — 157,351 Decrease in amounts due from minority shareholders 1,791,746 — 16,7351 Decrease in available-for-sale investments held for trading (9,762,881) — 16,785,001 Decrease in available-for-sale investments/investments in securities 20,380,092 5,058,035 Decrease in accounts payable and accrued charges (429,291) (6,875,924) (Decrease) increase in amount due to a customer on contract work (2,093,389) 2,093,389 (Decrease) increase in bills payable (1,346,309) 1,346,309 Net cash from (used in) operations 4,654,618 (9,401,851) Hong Kong Profits Tax refunded — 997,871 Overseas tax paid — (15,247) NET CASH FROM (USED IN) OPERATING ACTIVITIES 4,654,618 (8,419,227) INVESTING ACTIVITIES Interest received 38,578 583 Advances to associates (6,021,472) (601,288) Advances from a jointly controlled entity 7,035,046 4,658,481 De-consolidation of a subsidiary 30 — (4,289,596) Purchase of property, plant and equipment (143,887) (100,651) Proceeds on disposal of property, plant and equipment — 21,000	- · · · · · · · · · · · · · · · · · · ·			_
Decrease in inventories 302,664 836,103 Decrease in accounts receivables and prepayments 5,001,028 3,667,532 Decrease in other receivables - 157,351 Decrease in amounts due from minority shareholders 1,791,746 - 1 Increase in investments held for trading (9,762,881) - 1 Decrease in available-for-sale investments/investments in securities 20,380,092 5,058,035 Decrease in accounts payable and accrued charges (429,291) (6,875,924) (Decrease) increase in amount due to a customer on contract work (2,093,389) 2,093,389 (Decrease) increase in bills payable (1,346,309) 1,346,309 Net cash from (used in) operations 4,654,618 (9,401,851) Hong Kong Profits Tax refunded - 997,871 Overseas tax paid - (15,247) NET CASH FROM (USED IN) OPERATING ACTIVITIES 4,654,618 (8,419,227) INVESTING ACTIVITIES Interest received 38,578 583 Advances to associates (6,021,472) (601,288) Advances from a jointly controlled entity 7,035,046 4,658,481 De-consolidation of a subsidiary 30 - (4,289,596) Purchase of property, plant and equipment - 21,000 Proceeds on disposal of property, plant and equipment - 21,000			(/59,619)	(180,000)
Decrease in inventories 302,664 836,103 Decrease in accounts receivables and prepayments 5,001,028 3,667,532 Decrease in other receivables - 157,351 Decrease in amounts due from minority shareholders 1,791,746 - 1 Increase in investments held for trading (9,762,881) - 1 Decrease in available-for-sale investments/investments in securities 20,380,092 5,058,035 Decrease in accounts payable and accrued charges (429,291) (6,875,924) (Decrease) increase in amount due to a customer on contract work (2,093,389) 2,093,389 (Decrease) increase in bills payable (1,346,309) 1,346,309 Net cash from (used in) operations 4,654,618 (9,401,851) Hong Kong Profits Tax refunded - 997,871 Overseas tax paid - (15,247) NET CASH FROM (USED IN) OPERATING ACTIVITIES 4,654,618 (8,419,227) INVESTING ACTIVITIES Interest received 38,578 583 Advances to associates (6,021,472) (601,288) Advances from a jointly controlled entity 7,035,046 4,658,481 De-consolidation of a subsidiary 30 - (4,289,596) Purchase of property, plant and equipment - 21,000 Proceeds on disposal of property, plant and equipment - 21,000	Operating cash flows before movements in working capita	.1	(9,189,042)	(15,684,646)
Decrease in other receivables				
Decrease in other receivables	Decrease in accounts receivable and prepayments		5,001,028	3,667,532
Increase in investments held for trading C9,762,881 Decrease in available-for-sale investments/investments in securities C1,380,092 C1,058,035			_	157,351
Decrease in available-for-sale investments/investments in securities 20,380,092 5,058,035	Decrease in amounts due from minority shareholders		1,791,746	_
in securities 20,380,092 5,058,035 Decrease in accounts payable and accrued charges (429,291) (6,875,924) (Decrease) increase in amount due to a customer on contract work (2,093,389) 2,093,389 (Decrease) increase in bills payable (1,346,309) 1,346,309 Net cash from (used in) operations 4,654,618 (9,401,851) Hong Kong Profits Tax refunded - 997,871 Overseas tax paid - (15,247) NET CASH FROM (USED IN) OPERATING ACTIVITIES 4,654,618 (8,419,227) INVESTING ACTIVITIES 38,578 583 Advances to associates (6,021,472) (601,288) Advances from a jointly controlled entity 7,035,046 4,658,481 De-consolidation of a subsidiary 30 - (4,289,596) Purchase of property, plant and equipment (143,887) (100,651) Proceeds on disposal of property, plant and equipment - 21,000	Increase in investments held for trading		(9,762,881)	_
Decrease in accounts payable and accrued charges (129,291) (6,875,924) (100 100	Decrease in available-for-sale investments/investments			
(Decrease) increase in amount due to a customer on contract work (2,093,389) 2,093,389 (Decrease) increase in bills payable (1,346,309) 1,346,309 Net cash from (used in) operations 4,654,618 (9,401,851) Hong Kong Profits Tax refunded – 997,871 Overseas tax paid – (15,247) NET CASH FROM (USED IN) OPERATING ACTIVITIES 4,654,618 (8,419,227) INVESTING ACTIVITIES 38,578 583 Advances to associates (6,021,472) (601,288) Advances from a jointly controlled entity 7,035,046 4,658,481 De-consolidation of a subsidiary 30 – (4,289,596) Purchase of property, plant and equipment (143,887) (100,651) Proceeds on disposal of property, plant and equipment – 21,000	in securities		20,380,092	5,058,035
contract work (2,093,389) 2,093,389 (Decrease) increase in bills payable (1,346,309) 1,346,309 Net cash from (used in) operations 4,654,618 (9,401,851) Hong Kong Profits Tax refunded – 997,871 Overseas tax paid – (15,247) NET CASH FROM (USED IN) OPERATING ACTIVITIES 4,654,618 (8,419,227) INVESTING ACTIVITIES 38,578 583 Advances to associates (6,021,472) (601,288) Advances from a jointly controlled entity 7,035,046 4,658,481 De-consolidation of a subsidiary 30 – (4,289,596) Purchase of property, plant and equipment (143,887) (100,651) Proceeds on disposal of property, plant and equipment – 21,000	Decrease in accounts payable and accrued charges		(429,291)	(6,875,924)
(Decrease) increase in bills payable (1,346,309) 1,346,309 Net cash from (used in) operations 4,654,618 (9,401,851) Hong Kong Profits Tax refunded - 997,871 Overseas tax paid - (15,247) NET CASH FROM (USED IN) OPERATING ACTIVITIES 4,654,618 (8,419,227) INVESTING ACTIVITIES 38,578 583 Advances to associates (6,021,472) (601,288) Advances from a jointly controlled entity 7,035,046 4,658,481 De-consolidation of a subsidiary 30 - (4,289,596) Purchase of property, plant and equipment (143,887) (100,651) Proceeds on disposal of property, plant and equipment - 21,000	(Decrease) increase in amount due to a customer on			
Net cash from (used in) operations Hong Kong Profits Tax refunded Overseas tax paid NET CASH FROM (USED IN) OPERATING ACTIVITIES INVESTING ACTIVITIES Interest received Advances to associates Advances from a jointly controlled entity De-consolidation of a subsidiary Purchase of property, plant and equipment Proceeds on disposal of property plant and equipment Proceeds on disposal of property plant and equipment Proceeds on disposal of property plant and equipment Proceeds on				2,093,389
Hong Kong Profits Tax refunded — 997,871 Overseas tax paid — (15,247) NET CASH FROM (USED IN) OPERATING ACTIVITIES 4,654,618 (8,419,227) INVESTING ACTIVITIES Interest received 38,578 (6,021,472) (601,288) Advances to associates (6,021,472) (601,288) Advances from a jointly controlled entity 7,035,046 4,658,481 De-consolidation of a subsidiary 30 — (4,289,596) Purchase of property, plant and equipment (143,887) (100,651) Proceeds on disposal of property, plant and equipment — 21,000	(Decrease) increase in bills payable		(1,346,309)	1,346,309
Overseas tax paid — (15,247) NET CASH FROM (USED IN) OPERATING ACTIVITIES 4,654,618 (8,419,227) INVESTING ACTIVITIES Interest received 38,578 583 Advances to associates (6,021,472) (601,288) Advances from a jointly controlled entity 7,035,046 4,658,481 De-consolidation of a subsidiary 30 — (4,289,596) Purchase of property, plant and equipment (143,887) (100,651) Proceeds on disposal of property, plant and equipment — 21,000	<u>*</u>		4,654,618	
NET CASH FROM (USED IN) OPERATING ACTIVITIES INVESTING ACTIVITIES Interest received Advances to associates Advances from a jointly controlled entity De-consolidation of a subsidiary Purchase of property, plant and equipment Proceeds on disposal of property, plant and equipment Proceeds on disposal of property, plant and equipment - 21,000			_	,
INVESTING ACTIVITIES Interest received Advances to associates Advances from a jointly controlled entity De-consolidation of a subsidiary Purchase of property, plant and equipment Proceeds on disposal of property, plant and equipment - 21,000	Overseas tax paid			(15,247)
Interest received Advances to associates Advances from a jointly controlled entity Ce-consolidation of a subsidiary Cerconsolidation of a subsidiary Cerconsolidation of property, plant and equipment Cerconsolidation of property, plant and equipment Cerconsolidation Cerconsolida	NET CASH FROM (USED IN) OPERATING ACTIVITIES		4,654,618	(8,419,227)
Advances to associates Advances from a jointly controlled entity De-consolidation of a subsidiary Purchase of property, plant and equipment Proceeds on disposal of property, plant and equipment Advances to associates (6,021,472) (601,288) 4,658,481 - (4,289,596) (100,651) - 21,000	INVESTING ACTIVITIES			
Advances from a jointly controlled entity De-consolidation of a subsidiary Purchase of property, plant and equipment Proceeds on disposal of property, plant and equipment Proceeds on disposal of property, plant and equipment De-consolidation of a subsidiary (4,289,596) (143,887) (100,651) 21,000	Interest received		38,578	583
De-consolidation of a subsidiary 30 – (4,289,596) Purchase of property, plant and equipment (143,887) (100,651) Proceeds on disposal of property, plant and equipment – 21,000	Advances to associates			
Purchase of property, plant and equipment Proceeds on disposal of property, plant and equipment - 21,000	,		7,035,046	
Proceeds on disposal of property, plant and equipment 21,000	· · · · · · · · · · · · · · · · · · ·	30	_	
			(143,887)	
NET CASH FROM (USED IN) INVESTING ACTIVITIES 908,265 (311,471)	Proceeds on disposal of property, plant and equipment			21,000
	NET CASH FROM (USED IN) INVESTING ACTIVITIES		908,265	(311,471)

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2006

	2006 <i>HK\$</i>	2005 <i>HK\$</i>
FINANCING ACTIVITIES		
(Decrease) increase in amounts due to related companies	(8,682,108)	7,298,295
Interest paid	(219,724)	(152,258)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(8,901,832)	7,146,037
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,338,949)	(1,584,661)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,703,856	8,272,348
EFFECT ON FOREIGN EXCHANGE RATE CHANGES	385,750	16,169
CASH AND CASH EQUIVALENTS, END OF YEAR	3,750,657	6,703,856
ANALYSIS OF THE BALANCES OF CASH AND		
CASH EQUIVALENTS		
Bank balances and cash	6,254,374	8,929,047
Bank overdrafts	(2,503,717)	(2,225,191)
	3,750,657	6,703,856