

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2005

	NOTE	2005 HK\$	2004 HK\$
OPERATING ACTIVITIES			
Loss from operations		(395,748)	(4,910,227)
Adjustments for:			
Amortisation of goodwill		294,734	214,131
Amortisation of intangible assets		84,912	89,622
Depreciation and amortisation of property, plant and equipment		1,804,468	941,080
Interest income		(1,150,990)	(961,169)
Loss on write off of property, plant and equipment		53,783	20,815
Allowance for inventories		403,406	–
Research and development costs		(51,228)	(229,904)
(Surplus) deficit arising on revaluation of investment property		(800,000)	500,000
Operating cash flows before movements in working capital		243,337	(4,335,652)
Increase in inventories		(1,120,817)	(55,112)
(Increase) decrease in trade and other receivables		(1,056,962)	1,490,905
Increase (decrease) in trade and other payables		12,745	(633,370)
Increase in government grants		–	281,132
(Decrease) increase in amount due to a shareholder		(589,511)	589,511
Increase in deposit received		1,226,415	–
Utilisation of statutory reserves		(5,524)	–
Cash used in operations		(1,290,317)	(2,662,586)
Tax paid in the PRC		(45,263)	(8,377)
NET CASH USED IN OPERATING ACTIVITIES		(1,335,580)	(2,670,963)
INVESTING ACTIVITIES			
Decrease in bank deposits		2,721,685	13,953,094
Interest received		1,150,990	961,169
Purchases of property, plant and equipment		(1,530,570)	(2,694,524)
Acquisition of an associate		–	(9,929,474)
Acquisition of a subsidiary, net of cash and cash equivalent acquired	31	–	(1,767,607)
NET CASH FROM INVESTING ACTIVITIES		2,342,105	522,658
FINANCING ACTIVITIES			
Repayment of short term loan		(943,396)	(1,273,584)
Interest expenses paid		(43,147)	–
Short term loan raised		943,396	–
Expenses paid in connection with share issue		–	(427,644)
Capital contributions by minority interests		–	1,273,584
NET CASH USED IN FINANCING ACTIVITIES		(43,147)	(427,644)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		963,378	(2,575,949)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		13,501,258	16,077,207
CASH AND CASH EQUIVALENTS AT END OF THE YEAR , represented by bank balances and cash		14,464,636	13,501,258