

Consolidated Cash Flow Statement *For the year ended 31 March 2005*

	Note	2005 HK\$	2004 HK\$
Cash flows from operating activities			
(Loss)/profit from operations		(113,067,784)	507,933
Adjustments for:			
Depreciation		3,151,324	3,529,364
Impairment charge/(reversed) on property, plant and equipment		7,300,000	(593,462)
Impairment loss on goodwill		71,140,600	–
Gain on disposal of investment property		(1,649,561)	–
(Gain)/loss on disposal on property, plant and equipment		(5,605,161)	117,470
Net unrealized holding loss/(gain) on short-term investments		95,613	(223,608)
Net realized loss on short-term investment		1,271,314	–
Loss on disposal of interests in subsidiaries		26,955,677	3,090,905
Interest income		(15,450)	(77,055)
Provision for slow-moving inventories		–	678,740
Operating (loss)/profit before working capital changes		(10,423,428)	7,030,287
Increase in inventories		(13,175,211)	(5,354,811)
Increase in trade and other receivables		(13,645,468)	(1,765,834)
Decrease in short-term investment		2,301,663	–
Increase in trade and other payables and bills payables		20,615,172	11,816,246
Decrease in due to directors		(133,337)	–
Increase in due to minority shareholders		33,559,582	–
Decrease in provision for long service payment		(306,211)	(75,337)
Cash generated from operations		18,792,762	11,650,551
Hong Kong profits tax refunded		–	2,647
Interest paid		(943,271)	(998,839)
Interest received		15,450	77,055
Net cash from operating activities		17,864,941	10,731,414
Cash flow from investing activities			
Acquisition of subsidiary net of cash acquired	A	(16,960,207)	(18,942,118)
Net cash (outflow)/inflow upon disposal of interests subsidiaries	B	(6,855,762)	924,267
Purchase of property, plant and equipment		(3,521,634)	(867,879)
Proceeds from disposal of property, plant and equipment		12,453,849	250,030
Proceeds from disposal of investment property		5,349,561	–
Purchase of an associate		(238,000,000)	–
Purchase of short-term investments		–	(3,496,792)
Proceeds from disposal of short-term investments		–	19,260,000
Purchase of other investments		–	(7,000,000)
Net cash used in investing activities		(247,534,193)	(9,872,492)

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	<i>Note</i>	2005 HK\$	2004 HK\$
Cash flow from financing activities			
Issue of new shares with premium		257,419,279	7,566,857
Acquisition of interests in subsidiaries from minority shareholders		(274,720)	–
Repayment of loan notes		(16,840,000)	–
Repayment of secured interest-bearing borrowings		–	(3,350,753)
Repayment of obligation under finance lease		(335,232)	(80,038)
Net cash from financing activities	<i>C</i>	239,969,327	4,136,066
Net increase in cash and cash equivalents		10,300,075	4,994,988
Cash and cash equivalents at beginning of year		2,831,557	(2,217,620)
Effect of foreign rate changes		(313,223)	54,189
Cash and cash equivalents at end of year		12,818,409	2,831,557
Analysis on cash and cash equivalents			
Bank balances and cash		12,818,409	2,878,473
Bank overdrafts		–	(46,916)
		12,818,409	2,831,557

The notes on pages 33 to 78 form an integral part of these financial statements.

Consolidated Cash Flow Statement *For the year ended 31 March 2005*

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

A. ACQUISITION OF SUBSIDIARIES

	2005 HK\$	2004 HK\$
Net assets acquired of:		
Goodwill	–	445,060
Interest in an associate	–	909,695
Property, plant and machinery	762,134	3,839,871
Inventories	84,110	–
Trade and other receivables	2,034,128	1,160,471
Bank balances and bank overdraft	3,039,793	1,057,882
Trade and other payables	(374,216)	(961,491)
Taxation	(301,705)	–
Deferred taxation	(91,353)	–
Due to directors	(1,833,337)	–
	3,319,554	6,451,488
Less: Minority interests	(1,626,582)	–
	1,692,972	6,451,488
Add: Goodwill arising on acquisition	47,307,028	53,548,512
Purchase consideration:		
– Cash	20,000,000	20,000,000
– Issue of shares	22,000,000	21,760,000
– Loan notes	–	18,240,000
– Other investments	7,000,000	–
	49,000,000	60,000,000
Acquisition of subsidiary net of cash acquired:		
Cash consideration	20,000,000	20,000,000
Less: Bank balances	(3,039,793)	(1,057,882)
	16,960,207	18,942,118

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B. DISPOSAL OF SUBSIDIARIES

	2005 HK\$	2004 HK\$
<i>Net assets disposed of:</i>		
Property, plant and machinery	19,963,904	784,516
Inventories	16,821,385	6,526,863
Trade and other receivables	25,780,585	3,270,732
Bank balances and cash	10,955,762	16,928
Bank overdrafts	–	(41,193)
Interest-bearing borrowings	(22,828,365)	–
Trade and other payables	(19,288,304)	(11,017,436)
Obligation under finance lease & hire-purchase contracts	–	(207,221)
Minority interests	(349,290)	–
Goodwill reserves	–	1,012,705
Exchange reserves	–	3,645,013
	31,055,677	3,990,907
Loss on disposal of interests in subsidiaries	(26,955,677)	(3,090,905)
	4,100,000	900,002
<i>Satisfied by:</i>		
Cash	4,100,000	900,002
Net cash (outflow)/inflow upon disposal of subsidiaries:		
Cash consideration	4,100,000	900,002
Less: Bank balances and cash disposed of		
– Bank balances and cash	10,955,762	16,928
– Bank overdrafts	–	(41,193)
	10,955,762	(24,265)
	(6,855,762)	924,267

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C. NET CASH FLOW FROM FINANCING ACTIVITIES

	Share capital HK\$	Share premium HK\$
At 1 April 2003	37,834,285	136,936,240
Issue of shares with premium	8,500,000	13,260,000
Cash flow from private placing	7,566,857	–
At 31 March 2004	53,901,142	150,196,240
Issued of shares with premium	22,750,000	275,059,407
Cash flow from placing	21,880,000	235,539,279
At 31 March 2005	98,531,142	660,794,926

	Bank loans HK\$	Obligation under finance lease HK\$
At 1 April 2003	33,922,634	287,259
Repayment of loans	(3,350,753)	(80,038)
Release on disposal of interests in subsidiaries	–	(207,221)
At 31 March 2004	30,571,881	–
Inception of obligation under finance lease	–	901,711
Release on disposal of interests in subsidiaries	(22,828,365)	–
Repayment of loan	–	(335,232)
At 31 March 2005	7,743,516	566,479

Note:

Major non-cash flow transactions:

During the year, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the finance lease of approximately of HK\$901,711 (2004: Nil).