

Consolidated Cash Flow Statement

(For the year ended 31 March 2006)

	2006 HK\$'000	2005 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss from continuing operations	(99,096)	(40,667)
Operating loss from discontinued operations	-	(12,390)
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Total operating loss	(99,096)	(53,057)
Adjustments for:		
Interest income	(1,029)	(92)
Recovery from impairment losses for doubtful debts	(44)	-
Amortisation of goodwill	-	3,441
Amortisation of other intangible assets	191	141
Depreciation	2,625	1,098
Impairment losses for doubtful debts	21,217	792
Impairment losses of goodwill	15,500	7,192
Impairment losses for obsolete inventories	377	-
Impairment losses of available-for-sale investments	22,588	695
Loss on disposal of property, plant and equipment	3	118
Share-based payment expenses	148	-
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Operating cash flows before movements in working capital	(37,520)	(39,672)
Decrease in inventories	402	1,399
Decrease in trade receivables	487	14,352
(Increase)/decrease in prepayments, deposits and other receivables	(4,243)	34,444
Increase/(decrease) in trade payables	421	(4,399)
Increase/(decrease) in other payables and accrued liabilities	2,574	(13,905)
Increase in amounts due to directors	1,228	3,432
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Cash used in operations	(36,651)	(4,349)
Interest paid	(1,333)	(73)
Interest on obligations under finance leases	-	(1)
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Net cash outflow from operating activities	(37,984)	(4,423)

Consolidated Cash Flow Statement

(For the year ended 31 March 2006)

	Note	2006 HK\$'000	2005 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		722	92
Purchase of property, plant and equipment		(5,861)	(5,651)
Proceeds from disposal of property, plant and equipment		100	307
Advances of loan receivables		(13,893)	(200)
Repayment of loan receivables		6,087	600
Acquisition of subsidiaries	31	-	(47,889)
		<u> </u>	<u> </u>
Net cash used in investing activities		(12,845)	(52,741)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans raised		-	1,887
Repayment of bank loans		-	(1,887)
Issue of convertible bonds		51,256	-
Issue of shares, net of expenses		-	33,139
Repayment of obligations under finance leases		-	(67)
		<u> </u>	<u> </u>
Net cash generated from financing activities		51,256	33,072
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Effect of foreign currency exchange rate changes		149	16
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
		<u>47,318</u>	<u>71,394</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR, REPRESENTED BY BANK BALANCES AND CASH			
		<u>47,894</u>	<u>47,318</u>