

CONSOLIDATED CASH FLOW STATEMENT 35

Year ended 31 March 2006

	2006 HK\$	2005 HK\$ (restated)
Operating activities		
Loss before taxation	(29,695,274)	(19,125,425)
Adjustments for:		
Amortisation of land lease premium	114,359	112,861
Finance costs	2,387,099	2,107,764
Interest income	(16,603)	(24,059)
Depreciation	3,204,900	3,593,246
Gain on disposal of investment property	–	(1,093,960)
(Surplus) /deficit on fair value of investment properties	(205,212)	1,144,990
Surplus on revaluation of buildings	(828,679)	(125,200)
Impairment for bad and doubtful debts	–	340,986
Impairment for slow-moving and obsolete inventories	53,265	1,280,051
Written back of provision for due from associates	(770,825)	–
Foreign exchange loss, net	271,998	28,397
Operating loss before changes in working capital	(25,484,972)	(11,760,349)
Decrease/(increase) in inventories	8,342,661	(6,842,302)
Decrease/(increase) in trade and bills receivables	2,250,360	(3,120,664)
Decrease/(increase) in other receivables, deposits and prepayment	1,535,722	(1,026,537)
Decrease in due from associates	–	3,000,000
Increase in trade payables	1,538,820	1,318,965
Increase in other payables and accruals	1,220,381	2,165,896
(Decrease)/increase in due to associates	(884,580)	1,655,405
(Decrease)/increase in due to directors	(1,070,790)	3,917,162
Cash used in operations	(12,552,398)	(10,692,424)
Tax paid	(21,268)	(78,700)
Net cash used in operating activities	(12,573,666)	(10,771,124)
Investing activities		
Purchase of property, plant and equipment	(3,228,086)	(1,369,438)
Interest received	16,603	24,059
Net proceeds from disposal of investment property	–	7,093,960
Decrease in pledged deposits	–	4,500,000
Net cash (used in)/generated from investing activities	(3,211,483)	10,248,581

36 CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2006

	2006 HK\$	2005 HK\$ (restated)
Financing activities		
Proceeds from issue of shares	12,480,000	661,500
Expenses paid for an open offer	–	(420,098)
Net inception/(repayment) of bank loans	1,513,730	(1,782,812)
Net repayment of other loans	–	(1,122,642)
Inception of finance leases	1,615,000	–
Capital element of finance lease rentals paid	(922,957)	(991,749)
Interest element of finance lease rentals paid	(71,231)	(10,326)
Interest paid	(2,315,868)	(2,097,438)
Share issuance expenses	(199,311)	–
Repayment/advance from related parties	(328,654)	12,548,849
Net cash generated from financing activities	<u>11,770,709</u>	<u>6,785,284</u>
Net (decrease)/increase in cash and cash equivalents	(4,014,440)	6,262,741
Cash and cash equivalents, at beginning of year	<u>3,698,445</u>	<u>(2,564,296)</u>
Cash and cash equivalents, at end of year	<u><u>(315,995)</u></u>	<u><u>3,698,445</u></u>
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	310,189	4,199,721
Secured bank overdrafts	(626,184)	(501,276)
	<u><u>(315,995)</u></u>	<u><u>3,698,445</u></u>

The notes on pages 38 to 109 form an integral part of these financial statements.