

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2006

| | Note | 2006 HK\$'000 | 2005 HK\$'000 |
|---|------|------------------|------------------|
| Cash flows from operating activities | | | |
| (Loss) profit for the year attributable to equity holders of the Company | | (23,762) | 3,550 |
| Adjustments for: | | | |
| Release of prepaid rentals | | 2,239 | 2,239 |
| Depreciation of property, plant and equipment | | 9,740 | 11,444 |
| Interest income | | (26) | (14) |
| Interest expenses | | 4,882 | 2,768 |
| Loss (gain) on disposal of property, plant and equipment | | 54 | (3,107) |
| Gain on disposal of a subsidiary | | – | (6,792) |
| Share-based payment expense | | 1,392 | – |
| Allowance for bad and doubtful debts | | 2,544 | – |
| Allowance (reversal of allowance) for inventories included in cost of sales | | 510 | (5,383) |
| Effect of foreign exchange rate changes on inter-company balances | | 222 | – |
| Operating cash flow before movements in working capital | | (2,205) | 4,705 |
| (Increase) decrease in inventories | | (14,078) | 24,728 |
| (Increase) decrease in debtors, deposits and prepayments | | (2,004) | 6,014 |
| Increase (decrease) in creditors and accrued charges | | 3,561 | (16,678) |
| Decrease in bills payable | | (1,890) | (1,186) |
| Cash (used in) generated from operations | | (16,616) | 17,583 |
| Cash flows from investing activities | | | |
| Interest received | | 26 | 14 |
| Purchase of property, plant and equipment | | (3,567) | (9,198) |
| Proceeds from disposal of property, plant and equipment | | 1,476 | 526 |
| Acquisition of available-for-sale investments | | (9,500) | – |
| Repayment from (advance to) a related company | | 2,000 | (2,000) |
| Consideration received from disposal of a subsidiary | | 3,840 | – |
| Disposal of a subsidiary | 33 | – | 716 |
| Net cash used in investing activities | | (5,725) | (9,942) |

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| | 2006 <i>HK\$'000</i> | 2005 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Cash flows from financing activities | | |
| Net cash inflow (outflow) to trust receipt, import loans and export loans | 15,964 | (9,262) |
| Principal repayment for obligations under finance leases | (11,820) | (10,668) |
| Interest on bank borrowings paid | (3,302) | (1,615) |
| Finance leases charges paid | (1,436) | (1,102) |
| New bank loans raised | – | 10,000 |
| Advances from directors | 4,200 | – |
| Increase in bank overdrafts | 4,033 | 4,857 |
| Repayment of bank loans | (5,004) | (9,166) |
| Issue of shares for cash upon exercise of rights issue | 19,770 | – |
| Transaction costs attributable to issue of new shares | (1,334) | – |
| Issue of shares for cash upon exercise of share options | 223 | 671 |
| | <u>21,294</u> | <u>(16,285)</u> |
| Net cash from (used in) financing activities | | |
| | <u>21,294</u> | <u>(16,285)</u> |
| Net decrease in cash and cash equivalents | (1,047) | (8,644) |
| Cash and cash equivalents at beginning of the year | 5,573 | 14,217 |
| Effect of foreign exchange rate changes | 15 | – |
| | <u>15</u> | <u>–</u> |
| Cash and cash equivalents at end of the year | <u>4,541</u> | <u>5,573</u> |
| Analysis of the balance of cash and cash equivalents | | |
| Bank balances and cash | <u>4,541</u> | <u>5,573</u> |