

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2007

	2007 HK\$'000	2006 HK\$'000
Operating activities		
Loss before taxation	(9,909)	(32,857)
Adjustments for:		
Interest income	(1,926)	(1,291)
Interest expense	153	1,275
Depreciation	3,332	3,372
Amortisation of prepaid lease payments	301	168
(Write back) allowance for inventories	(96)	214
(Write back) allowance for doubtful debts	(2,446)	3,882
Loss on disposal of property, plant and equipment	127	96
Impairment loss recognised in respect of goodwill	—	21,122
Operating cash flows before movements in working capital	<u>(10,464)</u>	<u>(4,019)</u>
Increase in inventories	(10,720)	(197)
(Increase) decrease in trade and other receivables	(20,665)	211
Increase in trade and other payables	15,448	807
Increase (decrease) in bills payable	<u>3,464</u>	<u>(518)</u>
Net cash used in operating activities	<u>(22,937)</u>	<u>(3,716)</u>
Investing activities		
Proceeds from disposal of property, plant and equipment	214	55
Interest received	1,926	1,291
Deposits for acquisition of property, plant and equipment	(139)	(15,628)
Purchase of property, plant and equipment	(44,926)	(4,094)
Purchase of land use rights	(23,209)	(9,165)
Refund of excess payment on acquisition of subsidiaries	—	11,120
Net cash used in investing activities	<u>(66,134)</u>	<u>(16,421)</u>
Financing activities		
Interest paid	(153)	(1,275)
Net proceeds from issue of new shares	—	141,858
Bank loans raised	16,153	28,331
Repayment of bank loans	(11,099)	(73,753)
Net cash from financing activities	<u>4,901</u>	<u>95,161</u>
Net (decrease) increase in cash and cash equivalents	<u>(84,170)</u>	<u>75,024</u>
Cash and cash equivalents at beginning of the year	110,018	33,352
Effect of foreign exchange rate changes	<u>3,544</u>	<u>1,642</u>
Cash and cash equivalents at end of the year, represented by bank balances and cash	<u><u>29,392</u></u>	<u><u>110,018</u></u>