



# Consolidated Cash Flow Statement

For the year ended 31 March 2007

	Notes	2007 HK\$	2006 HK\$
<b>OPERATING ACTIVITIES</b>			
Loss before taxation		<b>(19,267,250)</b>	(11,722,132)
Adjustments for:			
Amortisation of development costs		—	1,104,486
Impairment loss on goodwill		<b>3,882,918</b>	—
Impairment loss on development costs		—	2,146,035
Impairment loss on property, plant and equipment		<b>1,669,591</b>	—
Depreciation of property, plant and equipment		<b>1,893,921</b>	2,362,092
Impairment loss on bad and doubtful debts		<b>268,344</b>	511,051
Bad debts written off		<b>851,419</b>	—
(Written back)/provision for slow-moving and obsolete inventories		<b>(554,920)</b>	11,408
Revaluation surplus of property, plant and equipment		<b>(87,500)</b>	(85,384)
Gain on disposal of properties held for sale		—	(21,000)
Written off/loss on disposal of property, plant and equipment		<b>1,383,025</b>	1,903,863
Share-based payment expenses		—	726,274
Gain on disposal of other investments		<b>(25,000)</b>	—
Interest income		<b>(115,891)</b>	(114,045)
Interest expenses		<b>459,285</b>	143,486
Operating loss before working capital changes		<b>(9,642,058)</b>	(3,033,866)
Decrease in inventories		<b>3,417,165</b>	1,065,498
Decrease/(increase) in trade and other receivables		<b>343,909</b>	(12,185)
Decrease in trade and other payables		<b>(6,272,029)</b>	(5,522,443)
<b>CASH USED IN OPERATIONS</b>		<b>(12,153,013)</b>	(7,502,996)
Interest paid		<b>(421,986)</b>	(143,486)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		<b>(12,574,999)</b>	(7,646,482)
<b>INVESTING ACTIVITIES</b>			
Net cash flow arising from acquisition of a subsidiary	28	<b>(2,454,511)</b>	—
Purchase of property, plant and equipment	29	<b>(444,933)</b>	(49,616)
Interest received		<b>115,891</b>	114,045
Proceeds on disposal of property, plant and equipment		<b>1,626,700</b>	81,329
Proceeds on disposal of other investment		<b>270,000</b>	—
Decrease in pledged bank deposits		—	1,600,000
Proceeds on disposal of properties held for sale		—	371,000
<b>NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES</b>		<b>(886,853)</b>	2,116,758

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For the year ended 31 March 2007

Notes	2007 HK\$	2006 HK\$
<b>FINANCING ACTIVITIES</b>		
Repayment of bank loans	<b>(1,295,167)</b>	(54,833)
Repayment of finance lease	<b>(67,774)</b>	—
Advances from a director	<b>3,300,000</b>	—
Advances from a minority shareholder	<b>2,534,709</b>	—
Repayment of advances from a minority shareholder	<b>(1,740,000)</b>	—
Repayment of trust receipt loans	—	(1,905,615)
New bank loans	—	1,350,000
Net proceeds from issue of shares	—	9,984,576
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>2,731,768</b>	9,374,128
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(10,730,084)</b>	3,844,404
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>11,228,360</b>	7,483,380
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>1,181,521</b>	(99,424)
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>1,679,797</b>	11,228,360
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Bank balances and cash	<b>3,663,092</b>	11,228,360
Bank overdrafts	<b>(1,983,295)</b>	—
	<b>1,679,797</b>	11,228,360