CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2007 (Expressed in Hong Kong dollars)

42

| | 2007 | 2006 |
|--|----------|------------|
| | HK\$'000 | HK\$'000 |
| | | |
| Operating activities | | |
| (Loss)/profit before income tax | (36,497) | 15,244 |
| Adjustments for: | | |
| Interest income | (607) | (617) |
| Interest expense | 26,545 | 22,947 |
| Arrangement fees on bank loans | 586 | 754 |
| Depreciation of property, plant and equipment | 47,223 | 43,474 |
| Provision for long service payment | 366 | 225 |
| Provision for damage loss on litigation | 47,644 | _ |
| Amortization of leasehold land and land use rights | 1,129 | 1,120 |
| Write-off/impairment loss of other investments | _ | 1,224 |
| Loss on disposal of trading securities | _ | 1,386 |
| Gain on disposal of subsidiaries | (1,414) | _ |
| Decrease in cash surrender value of life insurance contracts | 277 | 135 |
| Fair value loss/(gain) on derivative financial instruments | 648 | (741) |
| Operating cash flows before changes in working capital | 85,900 | 85,151 |
| Inventories | (53,313) | 36,435 |
| Trade and other receivables | 59,829 | (36,870) |
| Trade and other payables and accrued charges | 21,464 | (21,728) |
| Trust receipt bank loans | 36,691 | (38,596) |
| | | (,) |
| Cash generated from operations | 150,571 | 24,392 |
| Placement of restricted cash | (47,644) | · <u> </u> |
| Interest received | 113 | 617 |
| Hong Kong profits tax refunded/(paid) | 413 | (3,678) |
| Overseas income tax paid | (1,588) | (1,012) |
| | | |
| Net cash generated from operating activities | 101,865 | 20,319 |
| | | |

For the year ended 31 March 2007 (Expressed in Hong Kong dollars)

| | Note | 2007 HK\$'000 | 2006 HK\$'000 |
|--|------|------------------|------------------|
| Investing activities | | | |
| Purchase of property, plant and equipment | | (83,532) | (124,099) |
| Purchase of trading securities | | _ | (858) |
| Disposal of subsidiaries | 33 | 806 | _ |
| Proceeds from sale of trading securities | | _ | 8,046 |
| Net cash used in investing activates | | (82,726) | (116,911) |
| not out about in invocating activated | | (02,720) | (110,011) |
| Financing activities | | | |
| Interest expense and arrangement fees on bank loans | | (27,131) | (23,701) |
| New loans from banks and financial institutions | | 48,000 | 313,000 |
| Repayment of loans borrowed from banks and | | | |
| financial institutions | | (133,100) | (271,337) |
| Issue of share by a way of rights issue | | 47,093 | _ |
| Capital contribution from a minority shareholder | | _ | 921 |
| Dividends paid | | _ | (2,419) |
| Net cash (used in)/generated from financing activities | | (65,138) | 16,464 |
| | | | |
| Net decrease in cash and cash equivalents | | (45,999) | (80,128) |
| Effect of foreign exchange rate changes | | (1,168) | 1,211 |
| Cash and cash equivalents at beginning of year | | 89,752 | 168,669 |
| Cash and cash equivalents at end of year | | 42,585 | 89,752 |

The accompanying notes form part of these financial statements.

