

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2007

(Expressed in Hong Kong dollars)

	2007 \$'000	2006 \$'000
Operating activities		
Loss before taxation	(31,523)	(38,607)
Adjustments for:		
Interest income	(44)	(133)
Share option expense	800	—
Depreciation	1,452	1,845
Amortisation on leasehold land and land use rights	248	121
Finance costs	2,728	3,651
Share of results of associates	1,480	915
Share of results of a jointly-controlled entity	2,439	—
Loss on disposal of property, plant and equipment	127	—
Taxation penalties and surcharges	3,759	—
Impairment loss on inventories	464	713
Impairment loss on property, plant and equipment	—	4,831
Impairment loss on trade and other receivables	354	858
Impairment loss on available-for-sale investments	—	23,657
Impairment loss on goodwill	19,458	—
Operating cash inflows/(outflows) before working capital changes	1,742	(2,149)
(Increase)/decrease in inventories	(368)	823
(Increase)/decrease in trade receivables	(11,662)	4,894
(Increase)/decrease in other receivables, deposits and prepayments	(1,737)	5,471
Decrease in trade payables	(1,148)	(2,271)
(Decrease)/increase in other payables, accrued expenses and trade deposits received	(544)	4,213
(Decrease)/increase in amounts due to related companies	(1,131)	1,000
Cash (used in)/generated from operations	(14,848)	11,981
Hong Kong profits tax paid	(2,915)	(440)
Interest and bank charges paid	(2,728)	(3,651)
Taxation penalties and surcharges paid	(820)	—
Net cash (used in)/generated from operating activities	(21,311)	7,890

CONSOLIDATED CASH FLOW STATEMENT *(continued)*

For the year ended 31 March 2007

(Expressed in Hong Kong dollars)

	Note	2007 \$'000	2006 \$'000
Investing activities			
Reclassification of interest in a subsidiary into a jointly-controlled entity	31	(4,504)	—
Interest received		44	133
Purchase of property, plant and equipment		(7,159)	(4,586)
Proceeds from disposal of property, plant and equipment		55	—
Purchase of land use rights		(783)	—
Net cash used in investing activities		(12,347)	(4,453)
Financing activities			
Proceeds from inception of bank loans and import and export loans		29,608	—
Proceeds from issue of warrants		2,296	13
Repayment of bank loans		(7,305)	(2,404)
Capital element of finance lease rental payments		—	(79)
Proceeds from issue of new shares on exercise of warrants		3,870	—
Proceeds from issue of new shares on exercise of share options		3,872	—
Contribution received from equity holders of the company (note 11(ii))		1,743	—
Net cash generated from/(used in) financing activities		34,084	(2,470)
Net increase in cash and cash equivalents		426	967
Cash and cash equivalents at beginning of year		3,777	2,394
Effect of foreign exchange rate changes		(239)	416
Cash and cash equivalents at end of year		3,964	3,777
Analysis of the balances of cash and cash equivalents			
Cash and bank balances		5,426	4,716
Bank overdrafts		(1,462)	(939)
		3,964	3,777

The accompanying notes form part of these financial statements.