

# Consolidated Cash Flow Statement

For the year ended March 31, 2006

|   | 2006<br>HK\$'000 | 2005<br>HK\$'000<br>(Restated) |
|---|------------------|--------------------------------|
| <b>OPERATING ACTIVITIES</b>   |                  |                                |
| Profit before taxation  | 46,816           | 41,933                         |
| Adjustments for:  |                  |                                |
| Interest income   | (6,674)          | (978)                          |
| Interest expenses   | –                | 100                            |
| Depreciation of property, plant and equipment   | 6,543            | 5,981                          |
| Amortization of prepaid land lease payments   | 764              | 764                            |
| Impairment loss on property, plant and equipment  | –                | 2,617                          |
| Increase in fair value on investment properties   | (40)             | (3,146)                        |
| Revaluation increase on buildings   | (81)             | (30)                           |
| Gain on disposal of property, plant and equipment and<br>an investment property                   | (1)              | (146)                          |
| Impairment loss on available-for-sale financial assets/investment securities                      | –                | 856                            |
| Net unrealized gain on financial assets at fair value through<br>profit or loss/other investments | (3,274)          | (646)                          |
| Gain on disposal of financial assets at fair value through<br>profit or loss/other investments    | (706)            | –                              |
| Dividends received  | (292)            | (235)                          |
| Allowance for bad and doubtful debts  | 286              | 9,057                          |
| <b>Operating cash flows before movements in working capital</b>                                   | <b>43,341</b>    | <b>56,127</b>                  |
| Decrease in inventories   | 27,473           | 32,602                         |
| (Increase) Decrease in trade and other receivables  | (4,057)          | 8,730                          |
| Increase (Decrease) in trade and other payables   | 2,508            | (586)                          |
| <b>Cash generated from operations</b>   | <b>69,265</b>    | <b>96,873</b>                  |
| Hong Kong Profits Tax paid  | (8,936)          | (5,538)                        |
| Overseas tax paid   | (72)             | (134)                          |
| Interest paid   | –                | (100)                          |
| <b>Net cash from operating activities</b>   | <b>60,257</b>    | <b>91,101</b>                  |

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For the year ended March 31, 2006

|   | <i>Note</i> | 2006<br>HK\$'000 | 2005<br>HK\$'000<br>(Restated) |
|---|-------------|------------------|--------------------------------|
| <b>INVESTING ACTIVITIES</b>   |             |                  |                                |
| Purchases of property, plant and equipment  |             | (6,742)          | (10,009)                       |
| Purchases of financial assets at fair value through profit or loss/other investments              |             | (5,051)          | –                              |
| Proceeds from disposal of an investment property  |             | –                | 71,610                         |
| Proceeds from disposal of property, plant and equipment   |             | 915              | 320                            |
| Proceeds from disposal of financial assets at fair value through profit or loss/other investments |             | 1,893            | –                              |
| Advance to an associate   |             | (1,692)          | –                              |
| Dividends received  |             | 292              | 235                            |
| Interest received   |             | 6,674            | 978                            |
| <b>Net cash (used in) from investing activities</b>   |             | <b>(3,711)</b>   | <b>63,134</b>                  |
| <b>FINANCING ACTIVITIES</b>   |             |                  |                                |
| Repayment of bank loans   |             | –                | (11,591)                       |
| Repayment of advance from immediate holding company   |             | (150)            | (3,755)                        |
| <b>Net cash used in financing activities</b>  |             | <b>(150)</b>     | <b>(15,346)</b>                |
| <b>Net increase in cash and cash equivalents</b>  |             | <b>56,396</b>    | <b>138,889</b>                 |
| Cash and cash equivalents at beginning of year  |             | 229,350          | 90,451                         |
| Effect of foreign exchange rate changes   |             | 834              | 10                             |
| <b>Cash and cash equivalents at end of year</b>   | 23          | <b>286,580</b>   | <b>229,350</b>                 |