

Consolidated Cash Flow Statement

| NOTE | 2006 HK\$'000 | 2005 HK\$'000 (restated) |
|--|------------------|--------------------------------|
| OPERATING ACTIVITIES | | |
| (Loss) profit before taxation | (17,817) | 3,554 |
| Adjustments for: | | |
| Amortisation of goodwill | - | 1,213 |
| Amortisation of textile quota entitlements | - | 12,086 |
| Depreciation of property, plant and equipment | 25,254 | 23,412 |
| Finance costs | 758 | 641 |
| Gain on disposal of property, plant and equipment | (1,236) | - |
| Impairment loss on goodwill | - | 1,870 |
| Impairment loss on trade and other receivables | 166 | 2,654 |
| Interest income | (919) | (81) |
| Realised and unrealised holding gain on trading securities | - | (90) |
| Release of prepaid lease payments | 58 | 58 |
| Operating cash flows before movements in working capital | 6,264 | 45,317 |
| Decrease (increase) in inventories | 26,974 | (5,690) |
| Decrease in trade and other receivables | 23,053 | 5,210 |
| (Increase) decrease in bills receivable | (371) | 6,303 |
| (Decrease) increase in trade and other payables | (11,837) | 1,796 |
| Decrease in bills payable | (1,798) | (6,613) |
| Cash generated from operations | 42,285 | 46,323 |
| Income taxes paid | (5) | (188) |
| Interest paid | (758) | (641) |
| Interest received | 919 | 81 |
| NET CASH FROM OPERATING ACTIVITIES | 42,441 | 45,575 |

Consolidated Cash Flow Statement

For the year ended 31st March, 2006

| | NOTE | 2006 HK\$'000 | 2005 HK\$'000 (restated) |
|--|------|------------------|--------------------------------|
| INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (4,468) | (17,453) |
| Proceeds from disposal of property, plant and equipment | | 1,527 | – |
| Purchase of held-to-maturity investments | | – | (15,600) |
| Increase in pledged bank deposits | | – | (312) |
| Proceeds from disposal of trading securities | | – | 8,651 |
| Disposal of subsidiaries | 25 | – | 5,426 |
| NET CASH USED IN INVESTING ACTIVITIES | | (2,941) | (19,288) |
| FINANCING ACTIVITIES | | | |
| Repayments of obligations under finance leases | | (2,816) | (832) |
| Repayment of a bank loan | | – | (6,202) |
| Dividend paid to minority shareholders | | – | (4,800) |
| Contribution from minority shareholder of a subsidiary | | – | 500 |
| NET CASH USED IN FINANCING ACTIVITIES | | (2,816) | (11,334) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 36,684 | 14,953 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR | | 38,132 | 23,179 |
| EFFECT ON FOREIGN EXCHANGE RATE CHANGES | | (407) | – |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash | | 74,409 | 38,132 |