

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2006

(Expressed in Hong Kong dollars)

	Note	2006 \$'000	2005 (restated) \$'000
<b>Operating activities</b>			
Profit before taxation		10,082	8,775
Adjustments for:			
– Net valuation gain on leasehold and investment properties		(2,194)	(5,000)
– Depreciation		3,218	2,835
– Amortisation of land lease premium for property held for own use		27	14
– Finance costs		1,693	880
– Dividend income from investment in trading securities		(20)	–
– Interest income		(1,343)	(588)
– Gain on sale of fixed assets		(482)	(27)
– Net realised and unrealised (gains)/ losses on trading securities		(28)	20
– Foreign exchange gain		1,160	–
<b>Operating profit before changes in working capital</b>		<b>12,113</b>	6,909
(Increase)/decrease in inventories		(4,850)	3,336
(Increase)/decrease in trade and other receivables		(11,142)	21,304
Decrease in finance lease receivable		111	105
Increase/(decrease) in trade and other payables		35,499	(29,236)
Decrease in provision		(44)	(141)
<b>Cash generated from operations</b>		<b>31,687</b>	2,277
Tax paid			
– Hong Kong Profits Tax (paid)/refunded		(252)	37
– The People's Republic of China ("PRC") tax paid		(139)	(61)
		(391)	(24)
<b>Net cash generated from operating activities</b>		<b>31,296</b>	2,253
<b>Investing activities</b>			
Payment for land use right		(308)	(704)
Payment for the purchase of fixed assets		(2,799)	(3,602)
Proceeds from sale of fixed assets		3,297	262
Payment for purchase of trading securities		(741)	(752)
Proceeds from sale of trading securities		447	368
(Increase)/decrease in pledged bank deposits		(2,889)	4,742
Interest received		1,343	588
Dividends received from investment in trading securities		20	–
<b>Net cash (used in)/generated from investing activities</b>		<b>(1,630)</b>	902

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<b>Financing activities</b>			
Proceeds from a hire purchase loan		330	–
Capital element of finance lease rentals paid		(281)	(324)
Proceeds from new bank loans		33,661	9,983
Repayment of bank loans		(41,820)	(776)
Interest paid		(1,640)	(841)
Interest element of finance lease rentals paid		(53)	(39)
Dividends paid		(2,800)	–
<b>Net cash (used in)/generated from financing activities</b>		<b>(12,603)</b>	8,003
<b>Net increase in cash and cash equivalents</b>		<b>17,063</b>	11,158
<b>Cash and cash equivalents at 1 April</b>		<b>69,440</b>	58,282
<b>Effect of foreign exchange rates changes</b>		<b>(1,174)</b>	–
<b>Cash and cash equivalents at 31 March</b>	20	<b>85,329</b>	69,440

The notes on pages 31 to 82 form part of these financial statements.