

Consolidated Cash Flow Statement

for the year ended 31 March 2001

	Note	2001 HK\$'000	2000 HK\$'000
Net cash inflow from operating activities	1	171,410	235,192
Returns on investments and servicing of finance			
Interest received		18,532	13,262
Interest paid		(64,590)	(37,408)
Dividends received		88	87
Dividends paid		(73,837)	(58,018)
Interest element of finance lease rentals		(1,767)	(1,164)
Net cash outflow from returns on investments and servicing of finance		(121,574)	(83,241)
Taxation			
Hong Kong profits tax paid		(19,149)	(25,029)
Overseas tax (paid)/refunded		(282)	601
Tax paid		(19,431)	(24,428)
Investing activities			
Sale of fixed assets		36,399	462
Purchase of fixed assets		(156,789)	(107,593)
Sale of listed investments		—	2,583
Purchase of listed investments		—	(1,963)
Purchase of intangible assets		—	(75)
Acquisition of subsidiaries		—	1,196
Acquisition of an associated company		(8,110)	—
(Increase)/decrease in loans to associated companies		(40,009)	1,006
Net cash outflow from investing activities		(168,509)	(104,384)
Net cash (outflow)/inflow before financing		(138,104)	23,139

Consolidated Cash Flow Statement

for the year ended 31 March 2001

		2001	2000
Note		HK\$'000	HK\$'000
Financing			
Net proceeds from sale and leaseback transactions		4,432	11,480
Capital element of finance lease rentals		(11,761)	(8,242)
Net increase in long-term bank loans		193,053	221,035
Net decrease in short-term bank loans		(7,263)	(105,965)
Issue of convertible notes		—	117,000
Repurchase of own shares		(6,074)	(3,082)
Investment by a minority shareholder		—	600
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Net cash inflow from financing	2	<u>172,387</u>	<u>232,826</u>
Increase in cash and cash equivalents		34,283	255,965
Effect of foreign exchange rates		170	(419)
Cash and cash equivalents at 1 April		<u>234,611</u>	<u>(20,935)</u>
Cash and cash equivalents at 31 March	3	<u><u>269,064</u></u>	<u><u>234,611</u></u>

Notes to the Consolidated Cash Flow Statement

for the year ended 31 March 2001

(1) Reconciliation of operating profit to net cash inflow from operating activities

	2001 HK\$'000	2000 HK\$'000
Operating profit	230,785	315,332
Interest income	(50,163)	(21,007)
Dividend income	(88)	(4,823)
Interest expense	59,783	40,932
Interest element of finance lease rentals	1,767	1,164
Depreciation	49,475	41,201
(Gain)/loss on disposal of fixed assets	(1,729)	853
Realised and unrealised loss/(profit) of listed investments	2,469	(4,643)
Provision for diminution in value of investment securities	4,500	—
Provision for amounts due from associated companies	—	7,188
Amortisation of intangible assets	259	268
(Increase)/decrease in inventories	(10,964)	4,579
Decrease in promissory notes	1,024	7,020
Decrease/(increase) in advances to PRC distributors	63,506	(63,506)
Decrease/ (increase) in trade debtors and bills receivable	8,007	(79,954)
Increase in other debtors and prepayments	(41,556)	(20,332)
Decrease in loans to employees for purchase of shares	—	12,906
Increase in short-term loans	(67,860)	—
(Increase)/decrease in staff loans	(8,043)	19,696
(Increase)/decrease in prepayment of subcontracting charges	(50,040)	3,366
Increase in amount due from ultimate holding company	(211)	(219)
Decrease in amount due to a related company	(555)	(14)
Increase in amounts due from associated companies	(18,260)	(27,877)
(Decrease)/increase in trade creditors and bills payable	(7,909)	1,241
Increase in other creditors and accrued charges	14,062	1,250
Foreign exchange	(6,849)	571
	<u>171,410</u>	<u>235,192</u>

(2) Analysis of changes in financing during the year

	Long-term bank loans HK\$'000	Short-term bank loans HK\$'000	Finance leases and hire purchase contracts HK\$'000	Convertible notes HK\$'000	Share capital (including premium) HK\$'000	Minority interests HK\$'000
Balance at 1 April 1999	41,207	283,620	12,938	—	398,529	4,039
Net cash (outflow)/inflow from financing	221,035	(105,965)	3,238	117,000	(3,082)	600
Acquisition of subsidiaries	—	—	—	—	—	4,229
Attributable loss	—	—	—	—	—	(513)
Inception of finance leases	—	—	3,813	—	—	—
Exchange adjustment	—	(977)	—	—	—	—
Balance at 31 March 2000	<u>262,242</u>	<u>176,678</u>	<u>19,989</u>	<u>117,000</u>	<u>395,447</u>	<u>8,355</u>
Balance at 1 April 2000	262,242	176,678	19,989	117,000	395,447	8,355
Net cash (outflow)/inflow from financing	193,053	(7,263)	(7,329)	—	(6,074)	—
Attributable profit	—	—	—	—	—	3,198
Inception of finance leases	—	—	7,733	—	—	—
Exchange adjustment	—	690	—	—	—	(169)
Balance at 31 March 2001	<u>455,295</u>	<u>170,105</u>	<u>20,393</u>	<u>117,000</u>	<u>389,373</u>	<u>11,384</u>

(3) Analysis of the balances of cash and cash equivalents

	2001 HK\$'000	2000 HK\$'000
Cash at bank and in hand	221,192	167,132
Deposits with banks	101,512	133,790
Bank loans and overdrafts repayable within three months	<u>(53,640)</u>	<u>(66,311)</u>
	<u>269,064</u>	<u>234,611</u>

Notes to the Consolidated Cash Flow Statement

for the year ended 31 March 2001

(4) Major non-cash transactions

During the year ended 31 March 2001, the Group entered into finance leases and hire purchase contracts with a total value of HK\$7,733,000 (2000: HK\$3,813,000) at the inception of the contracts.

During the year ended 31 March 2000, the Group entered into the following non-cash transactions:

- (a) The Group increased its interest in an associated company by converting convertible notes of HK\$17,160,000 issued by the associated company into shares of common stock in the associated company.
- (b) The Group withdrew from a PRC project which relates to the purchase of interests of a plastic sheets factory in the PRC. Promissory notes were received for refund of a deposit of HK\$51,852,000 paid in the year ended 31 March 1999 together with a dividend of HK\$4,735,000 earned from the project, which are repayable by three annual instalments on 5 April of 2000, 2001 and 2002.
- (c) On 31 March 2000, the Group increased its interest in a subsidiary at a consideration of HK\$11,687,000, which was settled by waiving a loan owed by the seller in the same amount.