

For the year ended 30th June, 2003

Annual Report 2003 *Shang Hua Holdings Limited*

|  | 2003<br>HK\$'000 | 2002<br>HK\$'000 |
|--|------------------|------------------|
| <b>OPERATING ACTIVITIES</b>                                    |                  |                  |
| Loss from operations   | <b>(4,388)</b>   | (9,180)          |
| Adjustments for:   |                  |                  |
| Interest income  | <b>(64)</b>      | (114)            |
| Depreciation and amortisation of property, plant and equipment | <b>591</b>       | 719              |
| Write-off of property, plant and equipment                     | <b>505</b>       | –                |
| Loss on disposals of property, plant and equipment             | <b>75</b>        | –                |
| Operating cash flows before movements in working capital       | <b>(3,281)</b>   | (8,575)          |
| Decrease in inventories  | <b>1,309</b>     | 7,774            |
| Increase in trade and other receivables                        | <b>(6,478)</b>   | (6,811)          |
| Increase in trade and other payables                           | <b>4,573</b>     | 2,372            |
| Cash used in operations  | <b>(3,877)</b>   | (5,240)          |
| Enterprise income tax paid                                     | <b>(61)</b>      | –                |
| Interest paid  | <b>–</b>         | (7)              |
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>                   | <b>(3,938)</b>   | (5,247)          |
| <b>INVESTING ACTIVITIES</b>                                    |                  |                  |
| Interest received  | <b>64</b>        | 114              |
| Purchase of property, plant and equipment                      | <b>–</b>         | (6)              |
| (Increase) decrease in pledged bank deposits                   | <b>(800)</b>     | 2,012            |
| Proceeds from disposals of property, plant and equipment       | <b>3</b>         | 5                |
| <b>NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES</b>  | <b>(733)</b>     | 2,125            |
| <b>FINANCING ACTIVITIES</b>                                    |                  |                  |
| Repayment of bank loans  | <b>–</b>         | (542)            |
| Issue of shares  | <b>15,000</b>    | 19,858           |
| Share issue expenses   | <b>(52)</b>      | (450)            |
| <b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>            | <b>14,948</b>    | 18,866           |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>               | <b>10,277</b>    | 15,744           |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>      | <b>19,785</b>    | 4,041            |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>            | <b>30,062</b>    | 19,785           |
| <b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>   |                  |                  |
| Bank balances and cash   | <b>30,130</b>    | 19,881           |
| Bank overdraft   | <b>(68)</b>      | (96)             |
|  | <b>30,062</b>    | 19,785           |