

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2004
(Expressed in Hong Kong dollars)

	Note	2004 \$'000	2003 \$'000
Operating activities			
Profit from ordinary activities before taxation		57,582	43,675
Adjustments for:			
– Interest income		(269)	(158)
– Interest expense		1,273	1,600
– Depreciation		3,813	3,214
– Impairment loss on fixed assets		–	804
– Gain on disposal of fixed assets		(28)	–
Operating profit before changes in working capital		62,371	49,135
Decrease/(increase) in inventories		6,335	(5,187)
(Increase)/decrease in accounts and bills receivable		(20,121)	12,732
Decrease/(increase) in prepayments and other receivables		9,523	(11,667)
(Increase)/decrease in amount due from related companies		(1,614)	8,451
Decrease in accounts and bills payable		(2,292)	(4,651)
(Decrease)/increase in accrued expenses and other payables		(1,266)	1,897
Cash generated from operations		52,936	50,710
Tax paid			
– Hong Kong profits tax paid		(4,435)	(2,417)
– Taxation outside Hong Kong paid		(1,546)	(1,840)
Net cash from operating activities		46,955	46,453

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for the year ended 31 March 2004
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	Note	2004 \$'000	2003 \$'000
Investing activities			
Payment for purchase of fixed assets and construction in progress		(65,163)	(19,157)
Proceeds from disposal of fixed assets		56	–
Payment for acquisition of a subsidiary, net of cash acquired	30	3,671	–
Interest received		269	158
Net cash used in investing activities		(61,167)	(18,999)
Financing activities			
Proceeds from bank loans		66,039	35,599
Repayment of bank loans		(40,222)	(30,072)
Interest paid		(3,286)	(1,709)
Net proceeds from issuance of new shares		57,409	–
Dividends paid prior to listing		(16,000)	(17,007)
Dividends paid to minority shareholders		(3,632)	–
Net cash generated from/(used in) financing activities		60,308	(13,189)
Net increase in cash and cash equivalents		46,096	14,265
Cash and cash equivalents at the beginning of the year		41,231	26,966
Cash and cash equivalents at the end of the year	31	87,327	41,231

Non-cash transactions

- (i) On 18 April 2002, the registered capital of Kunming Jida Pharmaceuticals Company Limited (“KJP”) was increased from Rmb37,710,000 to Rmb53,710,000. To maintain their respective shareholding percentages, Jiwa Pharmaceuticals Limited, a subsidiary of the Company, and Yunnan Pharmaceutical and Industrial Corporation Limited, the minority shareholder, have capitalised the dividend receivable from KJP of Rmb10,400,000 and Rmb5,600,000 respectively, for reinvestment in KJP.
- (ii) On 25 April 2003, the registered capital of KJP was further increased from Rmb53,710,000 to Rmb71,710,000. This was effected through the capitalisation of enterprise expansion fund of Rmb3,000,000 and dividends receivable by Jiwa Pharmaceutical Limited and Yunnan Pharmaceutical and Industrial Corporation Limited of Rmb9,750,000 and Rmb5,250,000 respectively.
- (iii) On 31 July 2002, Yunnan Jiwa Pharm Logistics Company Limited assigned certain of its accounts receivable totalling Rmb13,166,000 to KJP in settlement of its liability to KJP.

The notes on pages 40 to 71 form part of these financial statements.