

## 24 Consolidated Cash Flow Statement

For the year ended 31 March 2004

Note	2004 HK\$	2003 HK\$
<b>Cash flows from operating activities</b>		
Profit/(Loss) from operations	<b>507,933</b>	(13,803,191)
Adjustments for:		
Depreciation	<b>3,529,364</b>	3,915,636
Impairment (reversed)/charge on property, plant and equipment	<b>(593,462)</b>	760,000
Loss on disposal on property, plant and equipment	<b>117,470</b>	175,895
Net unrealized holding gain on short-term investments	<b>(223,608)</b>	–
Loss on disposal of interests in subsidiaries	<b>3,090,905</b>	–
Interest income	<b>(77,055)</b>	(231,926)
Provision for slow-moving inventories	<b>678,740</b>	–
Provision for long service payment	–	2,310,000
<b>Operating profit/(loss) before working capital changes</b>	<b>7,030,287</b>	(6,873,586)
(Increase)/Decrease in inventories	<b>(5,354,811)</b>	8,937,851
(Increase)/Decrease in trade and other receivables	<b>(1,765,834)</b>	2,729,471
Decrease in loan receivables	–	28,297,995
Increase/(Decrease) in trade and other payables and bills payables	<b>11,816,246</b>	(10,527,954)
Decrease in provision for long service payment	<b>(75,337)</b>	–
<b>Cash generated from operations</b>	<b>11,650,551</b>	22,563,777
Hong Kong profits tax refunded	<b>2,647</b>	–
Overseas tax paid	–	(81,341)
Overseas tax refunded	–	825,060
Interest paid	<b>(998,839)</b>	(2,419,891)
Interest received	<b>77,055</b>	231,926
<b>Net cash from operating activities</b>	<b>10,731,414</b>	21,119,531
<b>Cash flow from investing activities</b>		
Acquisition of subsidiary net of cash acquired <i>A</i>	<b>(18,942,118)</b>	–
Net cash inflow upon disposal of subsidiaries <i>B</i>	<b>924,267</b>	–
Purchase of property, plant and equipment	<b>(867,879)</b>	(1,160,032)
Proceeds from disposal of property, plant and machinery	<b>250,030</b>	612,031
Purchase of short-term investments	<b>(3,496,792)</b>	–
Proceeds from disposal of short-term investments	<b>19,260,000</b>	–
Purchase of other investments	<b>(7,000,000)</b>	(36,100,000)
<b>Net cash used in investing activities</b>	<b>(9,872,492)</b>	(36,648,001)

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For the year ended 31 March 2004

<i>Note</i>	<b>2004</b> <b>HK\$</b>	2003 <i>HK\$</i>
<b>Cash flow from financing activities</b>		
Issue of new shares	<b>7,566,857</b>	–
Repayment of secured bank loans	<b>(3,350,753)</b>	(2,046,114)
Repayment of obligation under finance lease	<b>(80,038)</b>	(266,493)
Payment to ultimate parent enterprise	–	(1,752,593)
<b>Net cash from/(used in) financing activities</b> <span style="float: right;"><i>C</i></span>	<b>4,136,066</b>	(4,065,200)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,994,988</b>	(19,593,670)
<b>Cash and cash equivalents at beginning of year</b>	<b>(2,217,620)</b>	17,124,486
<b>Effect of foreign rate changes</b>	<b>54,189</b>	251,564
<b>Cash and cash equivalents at end of year</b>	<b>2,831,557</b>	(2,217,620)
<b>Analysis on cash and cash equivalents</b>		
Bank balances and cash	<b>2,878,473</b>	6,109,732
Bank overdrafts	<b>(46,916)</b>	(8,327,352)
	<b>2,831,557</b>	(2,217,620)

The notes on pages 25 to 64 form an integral part of these financial statements.

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For the year ended 31 March 2004

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT****A. Acquisition of Subsidiaries**

	2004 HK\$	2003 HK\$
<i>Net assets acquired of:</i>		
Goodwill	445,060	–
Interest in an associate	909,695	–
Property, plant and machinery	3,839,871	–
Trade and other receivables	1,160,471	–
Bank balances	1,057,882	–
Trade and other payables	(961,491)	–
	<b>6,451,488</b>	–
<i>Add: Goodwill arising on acquisition</i>	<b>53,548,512</b>	–
	<b>60,000,000</b>	–
<i>Purchase consideration:</i>		
– Cash	20,000,000	–
– Issue of new shares	21,760,000	–
– Loan notes	18,240,000	–
	<b>60,000,000</b>	–
<b><i>Acquisition of subsidiary net of cash acquired:</i></b>		
Cash consideration	20,000,000	–
<i>Less: Bank balances</i>	<b>(1,057,882)</b>	–
	<b>18,942,118</b>	–

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For the year ended 31 March 2004

**B. Disposal of Subsidiaries**

	2004 HK\$	2003 HK\$
<i>Net assets disposed of:</i>		
Property, plant and machinery	784,516	–
Inventories	6,526,863	–
Trade and other receivables	3,270,732	–
Bank balances and cash	16,928	–
Bank overdrafts	(41,193)	–
Due to related companies	(3,893,962)	–
Trade and other payables	(7,123,474)	–
Obligation under finance leases	(207,221)	–
Goodwill reserves	1,012,705	–
Exchange reserves	3,645,013	–
	<b>3,990,907</b>	–
Loss on disposal of subsidiaries	<b>(3,090,905)</b>	–
	<b>900,002</b>	–
<i>Satisfied by:</i>		
Cash	<b>900,002</b>	–
<b>Net cash inflow upon disposal of subsidiaries:</b>		
Cash consideration	<b>900,002</b>	–
Less: Bank balances and cash disposed of		
– Bank balances and cash	<b>16,928</b>	–
– Bank overdrafts	<b>(41,193)</b>	–
	<b>(24,265)</b>	–
	<b>924,267</b>	–

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For the year ended 31 March 2004

**C. Net Cash Flow from Financing Activities**

	<b>Share capital</b> <i>HK\$</i>	<b>Share premium</b> <i>HK\$</i>
At 1 April 2002 and at 31 March 2003	37,834,285	136,936,240
Issue of new share with premium	8,500,000	13,260,000
Cash flow from private placing	7,566,857	–
<b>At 31 March 2004</b>	<b>53,901,142</b>	<b>150,196,240</b>
	<b>Bank loans</b> <i>HK\$</i>	<b>Obligation under finance lease</b> <i>HK\$</i>
At 1 April 2002	35,968,748	553,752
Repayment of loans	(2,046,114)	(266,493)
At 31 March 2003	33,922,634	287,259
Repayment of loans	(3,350,753)	(80,038)
Release on disposal of subsidiaries	–	(207,221)
<b>At 31 March 2004</b>	<b>30,571,881</b>	<b>–</b>