

Consolidated Cash Flow Statement

For the year ended 31 March 2005

Note	2005 HK\$'000	2004 HK\$'000
Cash flows from operating activities		
Profit before taxation	39,823	57,582
Adjustments for:		
Interest income	(488)	(269)
Interest expenses	3,652	1,273
Service fee to Rintech Inc	234	–
Depreciation of property, plant and equipment	6,320	3,813
Impairment loss on property, plant and equipment written back	(804)	–
Amortisation of intangible assets	17	–
Amortisation of goodwill	38	–
Loss/(Gain) on disposal of property, plant and equipment	84	(28)
Operating profit before working capital changes	48,876	62,371
(Increase)/Decrease in inventories	(11,142)	6,335
Increase in accounts and bills receivable	(20,817)	(20,121)
(Increase)/Decrease in prepayments and other receivables	(4,934)	9,523
Decrease/(Increase) in amounts due from related companies	8,412	(1,614)
Decrease in accounts and bills payable	(184)	(2,292)
Increase/(Decrease) in accrued expenses and other payables	2,404	(1,266)
Net cash inflow from operations	22,615	52,936
Tax paid		
Hong Kong profits tax paid	(5,627)	(4,435)
Taxation outside Hong Kong paid	(1,138)	(1,546)
Net cash generated from operating activities	15,850	46,955
Cash flows from investment activities		
Payment for purchase of property, plant and equipment and construction in progress	(24,984)	(65,163)
Proceeds from disposal of property, plant and equipment	20	56
Payment for acquisition of a subsidiary, net of cash acquired	–	3,671
Payment for acquisition of intangible assets	(613)	–
Payment for further acquisition of a subsidiary	(5,984)	–
Interest received	488	269
Net cash used in investing activities	(31,073)	(61,167)

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For the year ended 31 March 2005

Note	2005 HK\$'000	2004 HK\$'000
Cash flows from financing activities		
Proceeds from bank loans	42,453	66,039
Repayment of bank loans	(46,796)	(40,222)
Interest paid	(4,579)	(3,286)
Net proceeds from issuance of new shares	–	57,409
Dividends paid	(6,500)	(16,000)
Dividends paid to minority shareholders	–	(3,632)
Net cash (used in)/generated from financing activities	(15,422)	60,308
Net (decrease)/increase in cash	(30,645)	46,096
Cash at the beginning of the year	87,327	41,231
Cash at the end of the year	56,682	87,327

Non-cash transactions

- (i) On 25 April 2003, the registered capital of Kunming Jida Pharmaceutical Company Limited (“KJP”), a subsidiary of the Company, was increased from RMB53,710,000 to RMB71,710,000. This was effected through the capitalization of enterprise expansion fund of RMB3,000,000 and dividends receivable by Jiwa Pharmaceuticals Limited (“JPL”), a subsidiary of the Company and Yunnan Pharmaceutical and Industrial Corporation Limited (“YPIC”), the minority shareholder, of RMB9,750,000 and RMB5,250,000 respectively.
- (ii) On 2 August 2004, the registered capital of KJP was further increased from RMB71,710,000 to RMB86,710,000. To maintain their respective shareholding percentages, JPL and YPIC have capitalized the dividend receivable from KJP of RMB9,750,000 and RMB5,250,000 respectively, for reinvestment in KJP.
- (iii) On 28 October 2004, JPL acquired a further 5% interest in KJP from YPIC for a total consideration of HK\$6,957,000 settled by cash of HK\$5,984,000 and 5% of KJP’s profit from 1 January 2004 to 31 October 2004 equivalent to HK\$973,000 which is to be settled through future distribution of dividend in KJP.