

CONSOLIDATED CASH FLOW STATEMENT

FONG'S INDUSTRIES COMPANY LIMITED

For the year ended December 31, 2002

	Note	2002 HK\$	2001 HK\$
OPERATING ACTIVITIES			
Profit from operations		208,307,098	72,781,150
Adjustments for:			
Depreciation and amortisation on property, plant and equipment		21,960,751	20,023,262
Amortisation of intangible assets		461,030	521,276
Amortisation of goodwill		2,974,380	–
Impairment loss on the property held for redevelopment		5,500,000	–
Loss on disposal of property, plant and equipment		4,156,159	57,012
Operating cash flows before movements in working capital		243,359,418	93,382,700
(Increase) decrease in inventories		(32,311,161)	34,872,948
(Increase) decrease in trade and other receivables		(32,543,497)	21,630,878
Increase in amount due from a jointly controlled entity		(1,457,412)	(1,034,437)
Increase (decrease) in trade and other payables		38,238,731	(33,792,082)
(Decrease) increase in bills payable		(7,795,068)	8,136,604
Increase (decrease) in warranty provision		2,566,200	(343,000)
Cash generated from operations		210,057,211	122,853,611
Bank charges		(3,461,329)	(3,544,206)
Factoring charges		(219,461)	(302,701)
Overseas taxation paid		(6,005,337)	(6,428,620)
Hong Kong Profits Tax paid		(1,847,411)	(8,138,262)
Hong Kong Profits Tax refunded		328,422	–
Overseas taxation refunded		106,480	4,773,840
NET CASH GENERATED FROM OPERATING ACTIVITIES		198,958,575	109,213,662
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(19,196,633)	(31,963,058)
Acquisition of a subsidiary	28	(6,148,656)	–
Repayment from (advance to) a jointly controlled entity		6,625,150	(3,258,175)
Dividends received from associates		2,186,462	2,081,140
Interest received		1,430,910	2,693,857
Repayment of loan from an officer		450,000	–
Proceeds from disposal of property, plant and equipment		179,726	324,187
Repayment of loan by an associate		–	140,000,000
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES		(14,473,041)	109,877,951

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FONG'S INDUSTRIES COMPANY LIMITED

For the year ended December 31, 2002

	2002 HK\$	2001 HK\$
FINANCING ACTIVITIES		
Dividends paid	(78,808,980)	(113,070,857)
Repayment of bank loans	(13,332,000)	(47,991,743)
Interest paid on bank borrowings	(4,085,547)	(7,284,821)
Repayment of obligations under finance leases	(2,640,526)	(3,441,976)
Net cash outflow from trust receipt loans	(1,073,545)	(15,665,654)
Interest paid on finance leases	(251,127)	(441,303)
Proceeds from issue of shares	504,000	20,524,574
New bank loans raised	–	10,000,000
Repurchase of shares	–	(3,292,700)
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NET CASH USED IN FINANCING ACTIVITIES	(99,687,725)	(160,664,480)
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NET INCREASE IN CASH AND CASH EQUIVALENTS	84,797,809	58,427,133
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	130,941,274	72,589,605
Effect of foreign exchange rate changes	312,181	(75,464)
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CASH AND CASH EQUIVALENTS AT END OF THE YEAR, Representing bank balances, deposits and cash	<u>216,051,264</u>	<u>130,941,274</u>