

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31ST DECEMBER, 2000

(Expressed in thousands of Hong Kong dollars)

| | Note | 2000 | 1999 (Note 26) |
|---|------|-------------------|-------------------|
| NET CASH OUTFLOW FROM OPERATING ACTIVITIES | a. | (23,952) | (7,136) |
| RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | | |
| Interest received | | 3,198 | 216 |
| Interest paid | | (5,765) | (2,201) |
| Dividends paid by subsidiaries to joint venture partners | | - | (636) |
| | | <u> </u> | <u> </u> |
| NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE | | (2,567) | (2,621) |
| TAXATION | | | |
| Hong Kong profits tax refunded | | - | 7 |
| | | <u> </u> | <u> </u> |
| INVESTING ACTIVITIES | | | |
| Purchase of fixed assets | | (8,351) | (18,966) |
| Payments for trademarks registration | | - | (81) |
| Proceeds from disposal of fixed assets | | 110 | 9,198 |
| Cash outflow in respect of the liquidation of subsidiaries | b. | (52) | (1,761) |
| | | <u> </u> | <u> </u> |
| Decrease in short-term deposits with original maturity over three months | | - | 1,584 |
| | | <u> </u> | <u> </u> |
| NET CASH OUTFLOW FROM INVESTING ACTIVITIES | | (8,293) | (10,026) |
| NET CASH OUTFLOW BEFORE FINANCING | | (34,812) | (19,776) |
| | | <u> </u> | <u> </u> |

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| | Note | 2000 | 1999 (Note 26) |
|--|------|-----------------------|-------------------|
| FINANCING ACTIVITIES | | | |
| | c. | | |
| Net proceeds from issuance of shares | | 255,242 | 11,848 |
| Capital contribution by a joint venture partner | | – | 13,728 |
| Mortgage loan obtained | | – | 2,500 |
| Repayment of mortgage loan | | (265) | (64) |
| Repayment of loan from a joint venture partner | | (189) | (144) |
| (Decrease) Increase in loan from a shareholder | | (24,072) | 8,939 |
| Repayment of loan from a former shareholder | | (15,000) | – |
| | | <u>215,716</u> | <u>36,807</u> |
| NET CASH INFLOW FROM FINANCING ACTIVITIES | | 215,716 | 36,807 |
| INCREASE IN CASH AND CASH EQUIVALENTS | | 180,904 | 17,031 |
| CASH AND CASH EQUIVALENTS | | | |
| AT BEGINNING OF THE YEAR | | 19,888 | 3,817 |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES | | (79) | (960) |
| CASH AND CASH EQUIVALENTS | | | |
| AT THE END OF THE YEAR | | <u>200,713</u> | <u>19,888</u> |

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a. Reconciliation of loss before taxation to net cash outflow from operating activities:

| | 2000 | 1999 (Note 26) |
|---|-----------------|-------------------|
| Loss before taxation | (15,599) | (10,655) |
| Write-off of capital surplus | - | (1,297) |
| Write-off of translation reserve | - | 3,494 |
| Assumption of liabilities as a result of guarantees provided to subsidiaries under liquidation | - | 2,037 |
| Revaluation deficit | 1,417 | - |
| Depreciation | 12,822 | 15,008 |
| Provision for doubtful debts | - | 3,124 |
| Provision for costs of redemption | - | 1,024 |
| Provision for impairment in value of trademarks | - | 4,332 |
| Write-back of net liabilities of subsidiaries under liquidation | (813) | (29,772) |
| Interest income | (3,198) | (216) |
| Interest expense | 3,690 | 4,049 |
| (Gain) Loss on disposal of fixed assets | (51) | 1,888 |
| (Increase) Decrease in rental, utility and other deposits | (344) | 1,988 |
| Increase in inventories | (225) | (38) |
| Increase in prepayments and deposits | (284) | (4,733) |
| (Increase) Decrease in other receivables | (367) | 400 |
| Decrease (Increase) in accounts receivable | 6,635 | (9,683) |
| (Increase) Decrease in amount due from a related company | (25,095) | - |
| (Decrease) Increase in accounts payable | (80) | 5,058 |
| (Decrease) Increase in accruals and other payables | (1,138) | 2,926 |
| (Decrease) Increase in amount due to a related company | (1,322) | 3,930 |
| | <hr/> | <hr/> |
| Net cash outflow from operating activities | (23,952) | (7,136) |

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b. Details of the companies under liquidation

| | 2000 | 1999 <i>(Note 26)</i> |
|---|-------------------|--------------------------|
| Fixed assets | - | 890 |
| Long-term investments | - | 131 |
| Rental, utilities and other deposits | - | 12,844 |
| Cash and bank balances | 52 | 1,761 |
| Prepayments and deposits | 7 | 390 |
| Other receivables | - | 676 |
| Obligations under finance leases | - | (3,240) |
| Long-term borrowings | - | (4,252) |
| Provision for costs of redemption | - | (2,300) |
| Accounts payable | (2) | (7,960) |
| Other creditors and accrued charges | (870) | (28,712) |
| | <u> </u> | <u> </u> |
| Net liabilities of subsidiaries under liquidation | (813) | (29,772) |

Net cash outflow in respect of the liquidation of subsidiaries was as follows:

| | 2000 | 1999 |
|------------------------------------|-------------------|-------------------|
| Cash and bank balances disposed of | 52 | 1,761 |
| | <u> </u> | <u> </u> |

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c. Analysis of changes in financing during the year:

| | Share capital | | Obligations | | Loan from a | | | Total |
|--------------------------------|-------------------|------------|---------------|----------------------|--------------------|--------------------|-------------------------|----------------|
| | and share premium | Other loan | Mortgage loan | under finance leases | Minority interests | former shareholder | Loan from a shareholder | |
| At 1st January, 1999 | 119,865 | 102 | 4,150 | 3,240 | 4,646 | 15,000 | 15,133 | 162,136 |
| Issue of ordinary shares | | | | | | | | |
| less expenses | 11,848 | - | - | - | - | - | - | 11,848 |
| Mortgage loan obtained, net | - | - | 2,436 | - | - | - | - | 2,436 |
| Loan from a shareholder | - | - | - | - | - | - | 8,939 | 8,939 |
| Written-off upon liquidation/ | | | | | | | | |
| cessation of business | - | (102) | (4,150) | (3,240) | - | - | - | (7,492) |
| Share of profit for the year | - | - | - | - | 2,402 | - | - | 2,402 |
| Dividends paid by subsidiaries | | | | | | | | |
| to joint venture partners | - | - | - | - | (636) | - | - | (636) |
| Capital contribution by | | | | | | | | |
| a joint venture partner | - | - | - | - | 13,728 | - | - | 13,728 |
| Repayment of loan from | | | | | | | | |
| a joint venture partner | - | - | - | - | (144) | - | - | (144) |
| At 31st December, 1999 | 131,713 | - | 2,436 | - | 19,996 | 15,000 | 24,072 | 193,217 |
| Issue of ordinary shares | | | | | | | | |
| less expenses | 255,242 | - | - | - | - | - | - | 255,242 |
| Repayment of mortgage loan | - | - | (265) | - | - | - | - | (265) |
| Repayment of loans | - | - | - | - | - | (15,000) | (24,072) | (39,072) |
| Share of profit for the year | - | - | - | - | 1,313 | - | - | 1,313 |
| Repayment of loan from | | | | | | | | |
| a joint venture partner | - | - | - | - | (189) | - | - | (189) |
| At 31st December, 2000 | 386,955 | - | 2,171 | - | 21,120 | - | - | 410,246 |