

Consolidated Cash Flow Statement

For the year ended 31 December 2002

	Note	1.1.2002 to 31.12.2002 HK\$'000	1.4.2001 to 31.12.2001 HK\$'000 (restated)
Operating activities			
(Loss) Profit from operating activities		(96,122)	16,438
Adjustments for:			
Interest income		(951)	(1,416)
Advertising and tele-communication services expense		3,688	–
Allowance for inventory obsolescence and write-off of inventories		4,990	6,795
Amortisation of goodwill		3,093	626
Deficit on revaluation of leasehold land and buildings		8,658	715
Depreciation and amortisation of property and equipment		27,982	21,724
Impairment loss recognised in respect of goodwill		27,209	–
Impairment loss recognised in respect of property and equipment		2,867	–
(Gain) Loss on disposal of property and equipment		(591)	1,081
Operating cash (outflows) inflows before movements in working capital		(19,177)	45,963
Decrease in rental and utility deposits		1,677	5,965
Increase in inventories		(16,398)	(8,141)
Decrease (Increase) in trade receivables		2,555	(2,997)
Increase in investments in securities		(8,120)	(32,886)
Decrease (Increase) in prepayments, deposits and other receivables		13,185	(34,331)
Increase in amounts due from fellow subsidiaries		(2,400)	–
Increase in trade payables		22,457	23,959
Increase in other payables and accrued liabilities		6,890	4,070
Increase in amount due to intermediate holding company		713	–
Cash generated from operations		1,382	1,602
Hong Kong Profits Tax refunded (paid)		166	(41)
Net cash generated from operating activities		1,548	1,561
Investing activities			
Interest received		951	1,416
Payment for advertising and tele-communication services		(25,000)	–
Purchases of property and equipment		(47,251)	(20,572)
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	24	(600)	(31,752)
Proceeds from disposal of property and equipment		14,410	–
Net cash used in investing activities		(57,490)	(50,908)

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For the year ended 31 December 2002

	1.1.2002 to 31.12.2002 HK\$'000	1.4.2001 to 31.12.2001 HK\$'000 (restated)
Financing activities		
Increase in bank overdrafts	4,397	1,446
Increase (Decrease) in trust receipt loans	34,197	(19,194)
Interest paid	(734)	(1,622)
Repayments of obligations under finance leases	(322)	–
Expenses paid in connection with issue of shares	–	(2,473)
Repayments of bank loans	–	(4,075)
Proceeds from the issue of ordinary shares	–	163,994
Net cash from financing activities	<u>37,538</u>	<u>138,076</u>
Net (decrease) increase in cash and cash equivalents	<u>(18,404)</u>	88,729
Cash and cash equivalents at beginning of year/period	<u>157,019</u>	68,290
Cash and cash equivalents at end of year/period	<u>138,615</u>	<u>157,019</u>
Analysis of balances of cash and cash equivalents		
Cash and cash equivalents as previously reported		136,722
Effect of reclassification of bank overdrafts		1,956
Effect of reclassification of trust receipt loans		18,341
		<u>157,019</u>
Being:		
Bank balances and cash	<u>138,615</u>	<u>157,019</u>

Comparative figures of investments in securities are reclassified from investing activities to operating activities as investments in securities served as part of the Group's treasury function.