

# CONSOLIDATED CASH FLOW STATEMENT

23

Year ended 31 December 2002  
(Expressed in HK\$'000)

	Notes	2002	2001 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		(15,217)	(10,244)
Adjustments for:			
Interest expenses	9	–	24
Interest income	5	(12,409)	(6,305)
Exchange gains arising from bank deposits denominated in New Zealand dollars, net	5	(6,945)	–
Waiver of amount due to a former director of the Company	5	(1,135)	–
Waiver of other loans	5	–	(9,848)
Write-back of accounts and other payable	5	–	(3,207)
Loss on disposal of a long term investment	6	–	1,431
Depreciation	6	3,575	3,760
Loss on disposal/write-off of fixed assets	6	6,722	535
Operating loss before working capital changes		(25,409)	(23,854)
Decrease/(increase) in inventories		5,093	(55)
Decrease/(increase) in prepayments, deposits and other receivables		6,058	(3,488)
Decrease/(increase) in accounts receivable		1,013	(859)
Increase/(decrease) in accounts payable		(5,720)	5,036
Decrease in accrued liabilities and other payables		(5,105)	(4,597)
Cash used in operations		(24,070)	(27,817)
Interest paid		–	(24)
Net cash outflow from operating activities		(24,070)	(27,841)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		12,998	6,305
Exchange gains arising from bank deposits denominated in New Zealand dollars, net		6,945	–
Proceeds from disposal of a long term investment		3,500	2,000
Purchases of fixed assets	13	(3,931)	(2,754)
Proceeds from disposal of fixed assets		1,438	137
Decrease/(increase) in pledged bank deposits		1,000,000	(1,000,000)
Increase in prepayments		(12,582)	–
Net cash inflow/(outflow) from investing activities		1,008,368	(994,312)

## CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

Year ended 31 December 2002

(Expressed in HK\$'000)

	Notes	2002	2001 (Restated)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital	21, 22	–*	150,000
Shares issuance expenses	22	(2,759)	(4,536)
Proceeds from issue of convertible loan notes		1,000,000*	–
Inception/(repayment) of current other loans		(1,000,000)*	1,000,000
Drawdown/(repayment) of non-current other loans		53	(1,915)
Net cash inflow/(outflow) from financing activities		(2,706)	1,143,549
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of year		141,905	20,509
Effect of foreign exchange rate changes, net		1	–
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
		1,123,498	141,905
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	18	709	308
Non-pledged time deposits with original maturity of less than three months when acquired	18	1,122,789	141,597
		1,123,498	141,905

\* On 25 January 2002, the Company issued redeemable floating rate convertible loan notes (the "Notes") of HK\$1,000 million to Keentech Group Limited ("Keentech"), an indirect wholly-owned subsidiary of China International Trust and Investment Corporation. The proceeds from the issue of the Notes was applied to settle a loan of principal amount of HK\$1,000 million granted by Keentech to Maxpower Resources Limited, an indirect wholly-owned subsidiary of the Company.

The Notes were fully converted into 1,176,470,588 ordinary shares of the Company in June 2002. Further details of the other loans and the Notes are set out in notes 21 and 22 to the financial statements, respectively.