

Consolidated Cash Flow Statement

Year ended 31 December 2002

	Notes	2002 HK\$	2001 HK\$ (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		2,999,592	(73,188,952)
Adjustments for:			
Finance costs	8	165,026	332,020
Provision for impairment in value of goodwill on acquisition of interest in an associate		-	5,357,400
Provision for impairment loss on interest in an associate		-	24,387,030
Share of profits less losses of associates		-	11,529,656
Interest income	7	(209,860)	(396,451)
Depreciation	7	2,902,854	4,461,255
Amortisation of goodwill	7	317,420	892,900
Amortisation of intangible assets	7	283,669	-
Loss/(gain) on disposal of fixed assets	7	(222,420)	232,503
Unrealised holding loss/(gain) on short term investments	7	462,080	(267,520)
Provision for doubtful debts/(write-back of bad debt expenses)	7	(1,123,307)	269,963
Operating profit/(loss) before working capital changes		5,575,054	(26,390,196)
Decrease in inventories		2,425,711	27,085,589
Decrease/(increase) in trade and bills receivables		(1,992,557)	4,122,086
Decrease in other receivables and prepayments		582,693	2,145,756
Decrease in amounts due from related companies		3,096,254	-
Decrease in trade and bills payables		(2,177,815)	(10,737,451)
Increase/(decrease) in other payables and accruals		(5,608,153)	(4,172,528)
Decrease in amounts due to related companies		(4,665,398)	-
Cash generated from operations		(2,764,211)	(7,946,744)
Interest paid		(165,026)	(332,020)
Overseas tax paid		(107,347)	-
Net cash outflow from operating activities		(3,036,584)	(8,278,764)

Consolidated Cash Flow Statement *(Continued)*

Year ended 31 December 2002

	<i>Notes</i>	2002 HK\$	2001 HK\$ (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		209,860	396,451
Acquisition of subsidiaries	35(b)	(53,349,010)	-
Purchases of fixed assets		(731,084)	(1,474,127)
Proceeds from disposal of fixed assets		1,773,790	44,906
Decrease in pledged deposits		4,000,000	304,685
Increase in deposits received		18,419,200	-
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Net cash outflow from investing activities		(29,677,244)	(728,085)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	31	60,321,600	11,888,586
Share issue expenses	31	-	(386,988)
Proceeds from issue of convertible notes	29	10,560,000	-
Decrease in trust receipt loans, secured		(2,862,641)	(764,458)
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Net cash inflow from financing activities		68,018,959	10,737,140
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NET INCREASE IN CASH AND CASH EQUIVALENTS		35,305,131	1,730,291
Cash and cash equivalents at beginning of year		10,625,614	8,895,323
Effect of foreign exchange rate changes, net		(15,616)	-
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CASH AND CASH EQUIVALENTS AT END OF YEAR		45,915,129	10,625,614
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ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	25	17,816,609	4,575,614
Non-pledged time deposits with original maturity of less than three months when acquired	25	28,098,520	6,050,000
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		45,915,129	10,625,614
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