

# Consolidated Cash Flow Statement

For the year ended 31 December 2002  
(Expressed in Hong Kong dollars)

		2002		2001	
	Note	\$'000	\$'000	\$'000	restated \$'000
<b>Operating activities</b>					
Profit/(loss) from ordinary activities					
before taxation			<b>204,766</b>		(120,006)
Adjustments for:					
— Interest charges			<b>1,872</b>		4,089
— Interest income			<b>(2,559)</b>		(10,467)
— Share of profits less losses of associates			<b>(945)</b>		2,433
— Amortisation and depreciation			<b>10,500</b>		12,000
— Net loss on disposal of interest in subsidiaries			<b>3,290</b>		—
— (Gain)/loss on disposal of interest in associates			<b>(2,285)</b>		15,197
— Loss on disposal of unlisted investments			<b>12,257</b>		—
— Loss/(gain) on sale of property, plant and equipment			<b>773</b>		(1,120)
— Revaluation deficit on investment properties			<b>3,490</b>		1,855
— Net unrealised (gain)/realised loss on equity securities			<b>(348,084)</b>		38,602
— Impairment loss on properties			—		8,237
— Impairment loss on non-trading securities			<b>79,353</b>		—
— Provision for loan receivable			<b>3,570</b>		—
— Gain on deemed disposal of an associate			<b>(2,586)</b>		—
— Impairment loss on goodwill and other intangible assets			—		26,542
<b>Operating loss before changes in working capital</b>			<b>(36,588)</b>		(22,638)
Increase in amount due to/					
from associates (net)		<b>(16,463)</b>		(278)	
Decrease in inventories		<b>23,813</b>		97,562	
Increase in debtors, prepayments and other receivables		<b>(21,353)</b>		(45,646)	
(Increase)/decrease in gross amount due from customers for contract work		<b>(10,273)</b>		3,144	

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<b>Operating activities (continued)</b>					
Decrease/(increase) in pledged deposits		50,035		(3,897)	
(Increase)/decrease in amounts due from related companies		(11,672)		14,507	
Increase/(decrease) in creditors, accruals and other payables		40,156		(105,296)	
Decrease in amounts due to related companies		(8,553)		(16,572)	
Foreign exchange		46		621	
			45,736		(55,855)
<b>Cash inflow/(outflow) from operating activities</b>					
			9,148		(78,493)
Tax paid:					
— Hong Kong profits tax (paid)/refunded		(19)		1,747	
— PRC tax paid		(3,160)		(3,817)	
Interest received		2,559		10,467	
			(620)		8,397
<b>Net cash generated from/ (used in) operating activities</b>					
			8,528		(70,096)
<b>Investing activities</b>					
Acquisition of subsidiaries	31(b)	(1,733)		(6,998)	
Acquisition of additional equity interest in a subsidiary		(16,986)		—	
Disposal of interest in subsidiaries	31(d)	(140)		—	
Purchase of property, plant and equipment		(9,768)		(5,369)	
Proceeds from sale of property, plant and equipment		1,544		17,815	
Purchase of investments		(22,358)		(164,766)	
Acquisition of associates		(38,766)		(6,535)	
Disposal of interest in associates		14,643		134,916	
Purchase of equity securities		—		(15,523)	

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<b>Investing activities</b> (continued)					
<b>Net cash used in investing activities</b>			<b>(73,564)</b>		(46,460)
<b>Financing</b>					
Interest paid		<b>(1,872)</b>		(4,089)	
Capital injection by minority shareholders		<b>23,091</b>		—	
Dividend paid to minority shareholders		<b>(1,083)</b>		—	
Issue of shares					
— under share option scheme		—		1,005	
— under private placement		—		78,000	
Expenses paid in connection with share issues		—		(2,430)	
New bank loans		<b>46,671</b>		47,649	
Repayment of bank loans		<b>(73,058)</b>		(54,265)	
<b>Net cash (used in)/from financing</b>			<b>(6,251)</b>		65,870
<b>Net decrease in cash and cash equivalents</b>			<b>(71,287)</b>		(50,686)
<b>Effect on foreign exchange rate changes</b>			—		(288)
<b>Cash and cash equivalents at 1 January</b>			<b>284,979</b>		335,953
<b>Cash and cash equivalents at 31 December</b>	25		<b>213,692</b>		284,979

The notes on pages 40 to 90 form part of these financial statements.