

**consolidated cash flow statement**

year ended 31 December 2002

	<u>2002</u> HK\$ million	<u>2001</u> HK\$ million
OPERATING ACTIVITIES		
Profit from operating activities	345	687
Adjustments for:		
Change in fair value of short term equity securities	(106)	–
Gain on disposal of long term investments	(1)	–
Interest income	(7)	(18)
Depreciation	160	160
Write off of goodwill	–	12
Release of negative goodwill	(2)	–
Amortisation of goodwill	4	–
Amortisation of brands, trademarks and patents	72	–
Amortisation of other assets	5	16
Loss on disposal of property, plant and equipment	21	9
Gain on disposal of interests in certain subsidiaries	–	(217)
Impairment loss recognised in respect of property, plant and equipment	16	–
Impairment loss recognised in respect of properties held for sale	67	37
Impairment loss recognised in respect of long term investments	14	44
Preference share redemption expenses	–	13
Operating cash flows before movements in working capital	588	743
Decrease/(increase) in accounts, bills and other receivables	147	(100)
(Increase)/decrease in inventories	(152)	529
(Increase)/decrease in short term investments	(2)	18
(Increase)/decrease in prepayments, deposits and other assets	(70)	55
Increase in amounts due from associates	(12)	(344)
Decrease in accounts and bills payables	(326)	(573)
Decrease in accrued liabilities and other payable	(79)	(65)
Cash generated from operations	94	263
Interest paid	(40)	(60)
Hong Kong profits tax paid	(4)	(1)
Net cash generated from operating activities	50	202

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year ended 31 December 2002

	Notes	2002 HK\$ million	2001 HK\$ million
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment		(88)	(102)
Purchases of subsidiaries	31(a)	(11)	33
Purchases of additional interests in a subsidiary		(14)	(198)
Payments for other assets		(24)	(9)
Payments for brands, trademarks and patents		(6)	–
Purchases of long term investments		(7)	(1)
Payments for additional interests in associates		–	(14)
Increase in pledged deposits with banks		(14)	(22)
Interest received		6	19
Proceeds from disposal of property, plant and equipment		20	26
Proceeds from disposal of long term investments		12	–
Disposal and partial divestment of interests in subsidiaries and associates	31(b)	–	(32)
Net cash used in investing activities		<u>(126)</u>	<u>(300)</u>
<b>FINANCING ACTIVITIES</b>			
Issue of ordinary share capital		–	2
Rights issue of a subsidiary		–	11
Redemption of preference share issued by a subsidiary		–	(51)
Dividend paid to minority interests		(31)	(31)
Dividends paid		(36)	(112)
Capital element of finance lease rental payments		(1)	–
New secured bank loans		208	237
New unsecured bank loans		297	103
Repayment of secured bank loans		(134)	(558)
Repayment of unsecured bank loans		(155)	(18)
(Decrease)/increase in trust receipt loans		(150)	123
Net cash used in financing activities		<u>(2)</u>	<u>(294)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(78)</b>	<b>(392)</b>
Cash and cash equivalents at beginning of year		287	679
Effect of foreign exchange rate changes, net		4	–
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b><u>213</u></b>	<b><u>287</u></b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		305	321
Bank overdrafts		(92)	(34)
		<b><u>213</u></b>	<b><u>287</u></b>