

## CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2002

	Notes	2002 HK\$'000	2001 HK\$'000 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		(84,271)	(69,279)
Adjustments for:			
Finance costs	8	4,147	9,069
Share of profits and losses of associates		(8,448)	(4,346)
Interest income	5	(980)	(3,576)
Profit guarantees	5	–	(40,746)
Gain on deemed partial disposal of an associate	5	(48)	–
Depreciation	7	11,422	13,424
Impairment of fixed assets	7	1,226	38,180
Impairment of goodwill	7	36,500	–
Amortisation and write-off of deferred development costs	7	379	3,864
Provision for doubtful debts	7	5,954	1,158
Provision for obsolete stock	7	6,433	2,193
Loss on disposal of an associate	7	–	1,115
Fixed assets written off	7	1,943	–
Loss on disposal of fixed assets	7	36	22
Loss on disposal of discontinued operation	7, 34(c)	15,079	–
		<hr/>	<hr/>
Operating loss before working capital changes		(10,628)	(48,922)
Decrease/(increase) in inventories		(12,452)	17,566
Decrease/(increase) in systems integration contracts		2,584	(173)
Increase in trade and bills receivables		(14,907)	(13,088)
Decrease in prepayments		1,479	1,164
Decrease/(increase) in deposits and other receivables		913	(2,039)
Decrease in amounts due from related companies		2,819	53,355
Increase/(decrease) in trade and bills payables		(6,990)	5,667
Increase/(decrease) in accruals		4,488	(1,339)
Increase/(decrease) in other liabilities		5,399	(2,623)
Increase/(decrease) in amounts due to related companies		536	(4,693)
Exchange difference		(723)	–
		<hr/>	<hr/>
Cash generated/(utilised) from operations		(27,482)	4,875
Interest received		980	3,576
Interest paid		(3,987)	(8,672)
Interest element on finance lease rental payments		(160)	(397)
		<hr/>	<hr/>
Net cash outflow from operating activities		(30,649)	(618)

# CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2002

	Notes	2002 HK\$'000	2001 HK\$'000 (Restated)
Net cash outflow from operating activities		<u>(30,649)</u>	<u>(618)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of fixed assets and additions to construction in progress	14	(6,903)	(9,746)
Proceeds from disposal of fixed assets		131	931
Payment for deferred development costs		–	(154)
Disposal of subsidiaries	34(c)	6,565	–
Advances of loans to an associate		(7,000)	–
Repayment of loans to an associate		10,250	9,000
Decrease in an amount due from an associate		11,297	230
Additional investment in an associate		–	(1,800)
Acquisition of an associate		–	(1,136)
Decrease/(increase) in pledged deposits		<u>40,512</u>	<u>(43,313)</u>
Net cash inflow/(outflow) from investing activities		<u>54,852</u>	<u>(45,988)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Capital contributions by minority shareholders		–	675
Repayment to minority shareholders upon dissolution of subsidiaries		(705)	–
Increase/(decrease) in trust receipt loans		9,258	(6,774)
New other loans		5,000	9,852
Repayment of other loans		(13,943)	(15,000)
New bank loans		7,581	39,160
Repayment of bank loans		(39,669)	(355)
Capital element of finance lease rental payments		<u>(2,437)</u>	<u>(4,859)</u>
Net cash inflow/(outflow) from financing activities		<u>(34,915)</u>	<u>22,699</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(10,712)</b>	<b>(23,907)</b>
Cash and cash equivalents at beginning of year		65,785	89,700
Effect of foreign exchange rate changes, net		<u>(5)</u>	<u>(8)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b><u>55,068</u></b>	<b><u>65,785</u></b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	24	30,548	51,160
Non-pledged time deposits with original maturity of less than three months when acquired	24	24,520	18,531
Bank overdrafts	28	<u>–</u>	<u>(3,906)</u>
		<b><u>55,068</u></b>	<b><u>65,785</u></b>