

## Consolidated Cash Flow Statement

26

Year ended 31 December 2002

<i>Note</i>	<b>2002</b>	2001
	<b>HK\$'000</b>	HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	<b>66,357</b>	28,462
Adjustments for:		
Surplus on revaluation of leasehold land and buildings	<b>(22)</b>	(5,927)
Provision for properties held for sale	<b>2,200</b>	4,833
Finance costs	<b>—</b>	343
Share of profits less losses of associates	<b>(5,797)</b>	—
Interest income on bank deposits	<b>(5,444)</b>	(4,209)
Dividend received from listed investments	<b>(12)</b>	(8)
Negative goodwill recognised as income	<b>(24,784)</b>	—
Gain on disposal of partial interest in Swank	<b>(3,481)</b>	—
Depreciation	<b>32,312</b>	19,141
Amortisation of prepaid rental	<b>737</b>	737
Amortisation of deferred product development costs	<b>1,110</b>	971
Impairment for deferred product development costs	<b>—</b>	95
Provision for doubtful accounts receivable	<b>569</b>	1,050
Provision against inventories/(write-back of provision against inventories)	<b>134</b>	(4,419)
Provision against loans receivable/(write-back of provision against loans receivable)	<b>1,480</b>	(9,449)
Loss on disposals of fixed assets	<b>1,588</b>	263
Net unrealised holding losses on short term investments	<b>—</b>	31
Exchange differences	<b>862</b>	—
Operating profit before working capital changes	<b>67,809</b>	31,914
Additions to deferred product development costs	<b>(846)</b>	(1,394)
Decrease in balances with associates, net	<b>3,616</b>	—
Decrease/(increase) in accounts receivable	<b>(12,751)</b>	25,980
Decrease/(increase) in bills receivable	<b>2,335</b>	(800)
Decrease/(increase) in loans receivable	<b>(110,553)</b>	51,988
Decrease in interest receivable on loans	<b>163</b>	1,287
Decrease in prepayments, deposits and other receivables	<b>1,924</b>	8,495
Decrease in short term investments	<b>603</b>	34,866
Decrease/(increase) in inventories	<b>(14,570)</b>	29,568
Decrease in accounts payable	<b>(11,669)</b>	(43,149)
Decrease in bills payable	<b>—</b>	(1,049)
Increase/(decrease) in accrued liabilities and other payables	<b>1,739</b>	(11,685)
Increase in provision for long service payments	<b>465</b>	—
Cash generated from/(used in) operations	<b>(71,735)</b>	126,021

## Consolidated Cash Flow Statement *(continued)*

Year ended 31 December 2002

27

	<i>Notes</i>	2002 HK\$'000	2001 HK\$'000
Cash generated from/(used in) operations		(71,735)	126,021
Interest received		5,444	4,209
Interest paid		—	(343)
Hong Kong profits tax paid		(985)	(118)
Overseas tax paid		(240)	—
<b>Net cash inflow/(outflow) from operating activities</b>		<b>(67,516)</b>	129,769
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividend received from listed investments		12	8
Purchases of fixed assets		(21,425)	(15,335)
Proceeds from disposals of fixed assets		4	168
Payment of rental deposits		(455)	(120)
Additions to properties held for sale		—	(231)
Acquisition of Swank	32	8,652	—
Proceeds from disposal of partial interest in Swank		3,481	—
Deposit paid	22	—	(68,000)
<b>Net cash outflow from investing activities</b>		<b>(9,731)</b>	(83,510)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		26,700	190,576
Share issue expenses		(862)	(1,498)
<b>Net cash inflow from financing activities</b>		<b>25,838</b>	189,078
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(51,409)</b>	235,337
Cash and cash equivalents at beginning of year		373,819	138,482
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>322,410</b>	373,819
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		75,329	62,966
Non-pledged time deposits with original maturity of less than three months when acquired		146,025	310,853
Time deposits with original maturity of less than three months when acquired, pledged as security for bank overdraft facilities		101,056	—
		<b>322,410</b>	373,819