

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2002

(Expressed in Hong Kong dollars)

<i>Note</i>	<b>2002</b> <b>\$'000</b>	2001 <i>\$'000</i>
<b>Operating activities</b>		
Loss from ordinary activities before taxation	<b>(118,526)</b>	(1,218,712)
Adjustments for:		
– Depreciation	<b>12,740</b>	19,442
– Amortisation of goodwill	<b>1,333</b>	4,778
– Interest income	<b>(32)</b>	(8,076)
– Profit on disposal of subsidiaries	<b>(1,966)</b>	(2,125)
– Gain on settlement of loans due to a former director	–	(1,138)
– Impairment loss on goodwill	<b>31,000</b>	1,130,621
– Impairment loss on fixed assets	<b>27,457</b>	21,000
– (Surplus)/deficit arising from revaluation of land and buildings	<b>(2,417)</b>	2,619
– Loss on disposal of fixed assets	<b>11,368</b>	9,324
– Finance costs	<b>14,471</b>	10,532
– Share of profits less losses of associates	<b>2</b>	(1,584)
Foreign exchange gain	<b>1,003</b>	918
<b>Operating loss before changes in working capital</b>	<b>(23,567)</b>	(32,401)
Decrease/(increase) in non-current assets	<b>11,798</b>	(11,629)
(Increase)/decrease in inventories	<b>(2,371)</b>	16,224
(Increase)/decrease in trade debtors	<b>(105)</b>	923
Decrease/(increase) in net amount due from related company	<b>14,654</b>	(28,364)
Decrease in other debtors, deposits and prepayments	<b>30,807</b>	648
Increase in net amounts due to associates	<b>64</b>	54
Increase/(decrease) in trade creditors	<b>4,342</b>	(13,402)
Increase/(decrease) in other creditors and accrued charges	<b>2,082</b>	(16,271)
(Decrease)/increase in amount due to ultimate holding company	<b>(8,243)</b>	5,257
Increase in amounts due to directors	<b>118</b>	702
Decrease in amounts due to former directors and officers	–	(6,324)
<b>Cash generated from/(used in) operations</b>	<b>29,579</b>	(84,583)
Tax paid		
– Purchase of Tax Reserve Certificates	–	(920)
<b>Net cash from/(used in) operating activities</b>	<b>29,579</b>	(85,503)

**CONSOLIDATED CASH FLOW STATEMENT (continued)**

For the year ended 31 December 2002

(Expressed in Hong Kong dollars)

	Note	2002 \$'000	2001 \$'000
<b>Investing activities</b>			
Withdrawal of pledged deposits with banks		75,179	63,628
Payment for purchase of fixed assets		(6,070)	(4,003)
Net proceeds from sale of fixed assets		1,452	411
Cash inflow from disposal of subsidiaries	26(a)	505	350
Cash inflow from purchase of a subsidiary	26(b)	–	843
Interest received		4,434	3,674
<b>Net cash from investing activities</b>		<b>75,500</b>	64,903
<b>Financing activities</b>			
Proceeds from rights issue	24(a)	74,664	–
Shares issued under share option scheme	24(c)	–	2,852
(Redemption)/issue of convertible notes	21(b)	(60,843)	77,923
New loans from banks and other financial institutions		30,493	35,769
Repayment of loans from banks and other financial institutions		(135,297)	(87,199)
Expenses incurred in connection with rights issue	25(a)	(1,600)	(91)
Interest paid		(15,528)	(8,157)
Capital element of finance lease rentals paid		–	(897)
Interest element of finance lease rentals paid		–	(33)
<b>Net cash (used in)/from financing activities</b>		<b>(108,111)</b>	20,167
<b>Net decrease in cash and cash equivalents</b>		<b>(3,032)</b>	(433)
<b>Effect of foreign exchange rates changes</b>		<b>21</b>	31
<b>Cash and cash equivalents at 1 January</b>		<b>8,382</b>	8,784
<b>Cash and cash equivalents at 31 December</b>		<b>5,371</b>	8,382

The notes on pages 29 to 67 form part of these financial statements.