

## Consolidated Cash Flow Statement

For the year ended 31st December 2002

|  | 2002<br><i>HK\$'000</i> | 2001<br><i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| <b>OPERATING ACTIVITIES</b>                                    |                         |                         |
| Profit (loss) from operations                                  | <b>26,730</b>           | (55,138)                |
| Adjustments for:   |                         |                         |
| Interest income  | <b>(1,186)</b>          | (3,782)                 |
| Dividend income  | –                       | (2)                     |
| Allowances for inventories                                     | –                       | 33,869                  |
| Allowances for bad and doubtful debts                          | –                       | 10,000                  |
| Amortisation of goodwill                                       | <b>1,613</b>            | 1,613                   |
| Depreciation and amortisation of property, plant and equipment | <b>9,855</b>            | 12,367                  |
| (Gain) loss on disposal of property, plant and equipment       | <b>(498)</b>            | 4,475                   |
| Deficit on revaluation of investment properties                | <b>1,000</b>            | 2,000                   |
| Impairment on investment securities                            | <b>900</b>              | –                       |
| Operating cash flows before movements in working capital       | <b>38,414</b>           | 5,402                   |
| Increase in inventories  | <b>(15,128)</b>         | (36,692)                |
| (Increase) decrease in trade and other receivables             | <b>(67,071)</b>         | 41,849                  |
| Decrease (increase) in bills receivable                        | <b>1,472</b>            | (1,472)                 |
| Increase (decrease) in trade and other payables                | <b>44,403</b>           | (7,089)                 |
| Increase in bills payable                                      | <b>15,554</b>           | 4,044                   |
| Cash generated from operations                                 | <b>17,644</b>           | 6,042                   |
| Hong Kong Profits Tax paid                                     | <b>(2,161)</b>          | (2,218)                 |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                      | <b>15,483</b>           | 3,824                   |
| <b>INVESTING ACTIVITIES</b>                                    |                         |                         |
| Repayment from (loan to) an investee                           | <b>21,923</b>           | (657)                   |
| Decrease in pledged bank deposits                              | <b>1,840</b>            | 11,621                  |
| Interest received  | <b>1,186</b>            | 3,782                   |
| Proceeds on disposal of property, plant and equipment          | <b>637</b>              | 1,035                   |
| Proceeds on disposal of an investment security                 | <b>2</b>                | –                       |
| Purchase of property, plant and equipment                      | <b>(10,398)</b>         | (6,308)                 |
| Additional investment in associates                            | <b>(946)</b>            | –                       |
| Purchase of club memberships                                   | <b>(151)</b>            | –                       |
| Dividend received  | –                       | 2                       |
| <b>NET CASH FROM INVESTING ACTIVITIES</b>                      | <b>14,093</b>           | 9,475                   |

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|---|-------------------------|-------------------------|
| FINANCING ACTIVITIES                                      |                         |                         |
| Repayment of bank and other borrowings                    | <b>(765,136)</b>        | (866,327)               |
| Interest paid   | <b>(11,025)</b>         | (14,996)                |
| Repayment of obligations under a finance lease            | <b>(68)</b>             | (50)                    |
| Interest on obligations under a finance lease             | <b>(25)</b>             | (29)                    |
| Bank and other borrowings raised                          | <b>760,601</b>          | 899,137                 |
| Contributions from minority shareholders                  | <b>600</b>              | –                       |
| <b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>       | <b>(15,053)</b>         | 17,735                  |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>          | <b>14,523</b>           | 31,034                  |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b> | <b>(2,781)</b>          | (33,815)                |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>       | <b>11,742</b>           | (2,781)                 |
| ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS     |                         |                         |
| Bank balances and cash                                    | <b>30,702</b>           | 14,668                  |
| Bank overdrafts   | <b>(18,960)</b>         | (17,449)                |
|   | <b>11,742</b>           | (2,781)                 |