

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2003  
(in HK Dollars)

	2003 HK\$'000	2002 HK\$'000
<b>Cash Flows from operating activities</b>		
Loss before tax	<b>(44,466)</b>	(48,989)
Adjustments for:		
Interest income	<b>(141)</b>	(199)
Amortisation of goodwill	<b>594</b>	1,426
Amortisation of development costs	<b>279</b>	33
Depreciation	<b>1,620</b>	1,525
Finance costs	<b>1,419</b>	82
(Profit)/loss on disposal of subsidiaries	<b>(210)</b>	5,522
Loss on disposal of tangible fixed assets	<b>1,985</b>	79
Unrealised holding gain on investment in securities — other investments	—	(258)
Provision for diminution in value of investments in securities — other investments	<b>88</b>	4,147
Provision for diminution in value of investment in a joint venture	<b>6,922</b>	—
Provision for diminution in value of subsidiary not consolidated	—	16,043
Loss on disposal of an associate	<b>9,200</b>	—
Gain on disposal of fixed assets	—	(20)
Operating loss before working capital changes	<b>(22,710)</b>	(20,609)
Decrease in inventories	<b>4,265</b>	2,633
Increase in other investments	<b>(4,164)</b>	(9,037)
Decrease in trade and other receivables	<b>6,557</b>	6,762
Increase in amount due from a joint venture	<b>(3,844)</b>	—
Decrease in amounts due to related companies	—	(122)
Decrease in amounts due to directors	—	(6,652)
Decrease in amount due to an investee company	<b>(4,016)</b>	—
Increase/(decrease) in trade and other payables	<b>5,352</b>	(17,251)
Decrease in amount due to subsidiary not consolidated	—	(13,137)
Cash used in operations	<b>(18,560)</b>	(57,413)
Interest received	<b>141</b>	199
Hong Kong profits tax (paid)/refunded	<b>(1,266)</b>	1,146
<b>Net cash outflow from operating activities</b>	<b>(19,685)</b>	(56,068)

## CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 30 June 2003  
(in HK Dollars)

	Note	2003 HK\$'000	2002 HK\$'000
<b>Cash flows from investing activities</b>			
Payments to acquire tangible fixed assets		(1,373)	(8,308)
Proceeds from disposal of tangible fixed assets		—	271
Disposal of subsidiaries		(1,801)	—
Payment to acquire interest in a joint venture		—	(10,000)
Proceeds from disposal of an associate		2,300	—
Development costs to upgrade products		(1,067)	—
Increase in pledged bank deposits		(3,000)	—
Acquisition of other intangible assets		(59)	—
De-consolidation of a subsidiary		—	(250)
<b>Net cash outflow from investing activities</b>		<b>(5,000)</b>	<b>(18,287)</b>
<b>Cash flows from financing activities</b>			
Issue shares at premium	27	9,200	43,224
Issue of shares	27	8,800	18,600
Issue of convertible notes	26	15,000	15,000
Redemption of convertible note	26	(15,000)	—
Inception of finance leases		1,420	—
Repayment of obligations under finance leases		(323)	(401)
New loans		14,764	3,500
Repayment of loans		(9,753)	(148)
Finance costs paid		(1,419)	(82)
<b>Net cash inflow from financing activities</b>		<b>22,689</b>	<b>79,693</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,996)</b>	<b>5,338</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>16,705</b>	<b>11,367</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>14,709</b>	<b>16,705</b>
<b>Analysis of balances of cash and cash equivalents:</b>			
Cash and bank balances		17,306	20,416
Bank overdrafts	33	(2,597)	(3,711)
		<b>14,709</b>	<b>16,705</b>

The accompanying notes form an integral part of these financial statements.