

## CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2003

	Notes	2003 HK\$'000	2002 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		(20,825)	(84,271)
Adjustments for:			
Finance costs	8	832	4,147
Share of profits of associates		(6,224)	(8,448)
Interest income	5	(697)	(980)
Gain on deemed partial disposal of an associate	5	–	(48)
Depreciation	7	7,624	11,422
Impairment of fixed assets	7	–	1,226
Impairment of goodwill	7	–	36,500
Amortisation of deferred development costs	7	–	379
Amortisation of goodwill	7	321	–
Fixed assets write-off	7	–	1,943
Loss/(gain) on disposal of fixed assets	7	(123)	36
Loss on disposal of discontinued operations	7, 33(c)	13,260	15,079
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Operating loss before working capital changes		(5,832)	(23,015)
Increase in inventories		(32,209)	(6,019)
Decrease/(increase) in systems integration contracts		(4,391)	2,584
Increase in trade and bills receivables		(2,925)	(8,953)
Decrease in prepayments		15,488	1,479
Decrease/(increase) in deposits and other receivables		(3,947)	913
Decrease in amounts due from related companies		–	2,819
Increase/(decrease) in trade and bills payables		70,270	(6,990)
Increase/(decrease) in accruals		(2,254)	4,488
Increase/(decrease) in other payables		(22,074)	4,162
Increase in trading receipts in advance		3,597	1,237
Increase in amounts due to fellow subsidiaries		5,771	–
Increase/(decrease) in amounts due to related companies		(36)	536
Exchange difference		(166)	(723)
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Cash generated from/(used in) from operations		21,292	(27,482)
Interest received		697	980
Interest paid		(775)	(3,987)
Interest element on finance lease rental payments		(57)	(160)
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Net cash inflow/(outflow) from operating activities		21,157	(30,649)

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Net cash inflow/(outflow) from operating activities		<u>21,157</u>	<u>(30,649)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividend received from an associate		2,935	–
Purchases of fixed assets and additions to construction in progress		(8,957)	(6,903)
Proceeds from disposal of fixed assets		1,010	131
Purchase of long term investment		(63)	–
Acquisition of subsidiaries	33(b)	35,126	–
Disposal of subsidiaries	33(c)	40,129	6,565
Advances of loans to an associate		–	(7,000)
Repayment of loans to an associate		3,450	10,250
Decrease in an amount due from an associate		–	11,297
Decrease in pledged deposits		41	40,512
Net cash inflow from investing activities		<u>73,671</u>	<u>54,852</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment to minority shareholders upon dissolution of subsidiaries		–	(705)
Increase in trust receipt loans		191	9,258
New other loans		–	5,000
Repayment of other loans		–	(13,943)
New bank loans		–	7,581
Repayment of bank loans		(7,413)	(39,669)
Capital element of finance lease rental payments		(487)	(2,437)
Net cash outflow from financing activities		<u>(7,709)</u>	<u>(34,915)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>87,119</b>	<b>(10,712)</b>
Cash and cash equivalents at beginning of year		55,068	65,785
Effect of foreign exchange rate changes, net		<u>(117)</u>	<u>(5)</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b><u>142,070</u></b>	<b><u>55,068</u></b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	23	119,516	30,548
Non-pledged time deposits with original maturity of less than three months when acquired	23	<u>22,554</u>	<u>24,520</u>
		<b><u>142,070</u></b>	<b><u>55,068</u></b>