

# 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		(865,750)	(73,126)
Adjustments for:			
Finance costs	8	18,845	4,682
Interest income	7	(2,157)	(5,787)
Write back of provision for bad and doubtful debts	7	—	(3,000)
Gain on disposal of discontinued operations	6	—	(2,240)
Depreciation	7	23,723	7,535
Provision for obsolete and slow-moving inventories	7	55,544	10,375
Provision for bad and doubtful debts			
- Trade receivables	7	—	4,652
- Other receivables	7	—	16,640
Loss on disposal of fixed assets, net	7	—	1,551
Write off of fixed assets	7	5,197	—
Write off of intangible assets	7	1,128	—
Amortisation and impairment of goodwill	7	815,087	74,803
Amortisation of intangible assets	7	1,156	289
Operating profit before working capital changes		52,773	36,374
Increase in inventories		(89,821)	(37,104)
Decrease/(increase) in trade and bills receivables		(394,315)	113,013
Decrease in long term receivable		—	43,634
Decrease/(increase) in prepayments, deposits and other receivables		(42,934)	8,842
Decrease in an amount due from a related company		—	24,402
Increase in trade payables		201,534	1,701
Decrease in other payables and accruals		(42,172)	(120,057)
Cash generated from/(used in) operations		(314,935)	70,805
Interest received		2,157	5,787
Hong Kong profits tax paid		(959)	(2,639)
PRC corporate income tax paid		(1,826)	—
		(315,563)	73,953
Net cash inflow/(outflow) from operating activities			
Continuing operations		(315,563)	68,437
Discontinued operations	6	—	5,516
Total		(315,563)	73,953

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Year ended 31 December 2003

	Notes	2003 HK\$'000	2002 HK\$'000
Net cash inflow/(outflow) from operating activities		(315,563)	73,953
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of fixed assets		(181,555)	(26,730)
Proceeds from disposal of fixed assets		—	1,075
Increase in pledged deposits		(1,079)	(7)
Acquisition of subsidiaries	31(a)	—	(40,930)
Disposal of subsidiaries	31(b)	—	(20,860)
		(182,634)	(87,452)
Net cash outflow from investing activities			
Continuing operations		(182,634)	(86,893)
Discontinued operations	6	—	(559)
Total		(182,634)	(87,452)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital		—	110,400
Proceeds from issue of shares upon exercise of share options and warrants	28	307	228
Share issue expenses		—	(3,655)
Interest paid	8	(18,845)	(4,629)
Interest element on finance lease rental payments	8	—	(53)
Capital element of finance lease rental payments		—	(1,211)
New bank loans		443,178	—
Repayment of bank loans		(140,187)	—
Net additions/(repayments) of trust receipts		105,750	(82,800)
		390,203	18,280
Net cash inflow from financing activities			
Continuing operations		390,203	8,645
Discontinued operations	6	—	9,635
Total		390,203	18,280
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		(107,994)	4,781
Cash and cash equivalents at beginning of year		374,888	370,107
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		266,894	374,888
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		125,574	178,704
Time deposits with original maturity of less than three months when acquired		141,320	196,184
		266,894	374,888