

Consolidated Cash Flow Statement

Year ended 31 December 2003

Notes	2003 HK\$'000	2002 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,535	66,357
Adjustments for:		
Deficit/(surplus) on revaluation of leasehold land and buildings	1,015	(22)
Provision for properties held for sale	2,967	2,200
Share of profits less losses of associates	(1,727)	(5,797)
Interest income on bank deposits	(3,621)	(5,444)
Dividend received from listed investments	–	(12)
Negative goodwill recognised as income	(23,550)	(24,784)
Gain on disposal of partial interest in Swank	(18,407)	(3,481)
Depreciation	34,836	32,312
Amortisation of prepaid rental	737	737
Amortisation of deferred product development costs	1,189	1,110
Provision for doubtful accounts receivable	8,021	569
Provision against inventories	12,397	134
Provision against loans receivable	20	1,480
Loss on disposal of fixed assets	118	1,588
Loss on disposal of properties held for sales	240	–
Exchange differences	(437)	862
Operating profit before working capital changes	18,333	67,809
Additions to deferred product development costs	(1,777)	(846)
Decrease in balances with associates, net	822	3,616
Increase in accounts receivable	(43,581)	(12,751)
Decrease in bills receivable	24	2,335
Decrease/(increase) in loans receivable	98,193	(110,553)
Decrease in interest receivable on loans	110	163
Decrease/(increase) in prepayments, deposits and other receivables	(9,006)	1,924
Decrease in short term investments	–	603
Decrease/(increase) in inventories	11,432	(14,570)
Increase/(decrease) in accounts payable	48,157	(11,669)
Increase in accrued liabilities and other payables	1,641	1,739
Increase/(decrease) in provision for long service payments	(222)	465
Cash generated from/(used in) operations	124,126	(71,735)

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Year ended 31 December 2003

	Notes	2003 HK\$'000	2002 HK\$'000
Cash generated from/(used in) operations		124,126	(71,735)
Interest received		3,621	5,444
Hong Kong profits tax paid		(804)	(985)
Overseas tax paid		–	(240)
Net cash inflow/(outflow) from operating activities		126,943	(67,516)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from listed investments		–	12
Purchases of fixed assets		(21,241)	(21,425)
Proceeds from disposals of properties held for sale		4,093	–
Proceeds from Swank's issue of shares		5,225	–
Proceeds from disposals of fixed assets		168	4
Payment of rental deposits		–	(455)
Refund of rental deposits		584	–
Acquisition of Swank	32	–	8,652
Proceeds from disposal of partial interest in Swank	14	18,407	3,481
Net cash inflow/(outflow) from investing activities		7,236	(9,731)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		–	26,700
Share issue expenses		–	(862)
Net cash inflow from financing activities		–	25,838
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		134,179	(51,409)
Cash and cash equivalents at beginning of year		322,410	373,819
CASH AND CASH EQUIVALENTS AT END OF YEAR		456,589	322,410
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		309,397	75,329
Non-pledged time deposits with original maturity of less than three months when acquired		147,192	146,025
Time deposits with original maturity of less than three months when acquired, pledged as security for bank overdraft facilities		–	101,056
		456,589	322,410