

	<u>2003</u> HK\$ million	<u>2002</u> HK\$ million
OPERATING ACTIVITIES		
Profit from operating activities	479	345
Adjustments for:		
Change in fair value of short term equity securities	(83)	(106)
Gain on disposal of long term investments	(10)	(1)
Interest income	(5)	(7)
Depreciation	128	160
Release of negative goodwill	(1)	(2)
Amortisation of goodwill	16	4
Amortisation of brands, trademarks and patents	78	72
Amortisation of other assets	7	5
(Gain)/loss on disposal of property, plant and equipment	(3)	21
Gain on disposal of subsidiaries	(30)	–
Impairment loss recognised in respect of property, plant and equipment	–	16
Impairment loss (reversed)/recognised in respect of properties held for sale	(18)	67
Impairment loss recognised in respect of long term investments	10	14
Impairment loss recognised in respect of other assets	15	–
Operating cash flows before movements in working capital	583	588
Decrease in accounts, bills and other receivables	673	147
Decrease/(increase) in inventories	97	(152)
Increase in short term investments	(507)	(2)
Increase in prepayments, deposits and other assets	(507)	(70)
Increase in amounts due from associates	(17)	(12)
Decrease in accounts and bills payables	(2)	(326)
Decrease in accrued liabilities and other payables	(422)	(79)
Cash (used in)/generated from operations	(102)	94
Interest paid	(33)	(40)
Hong Kong profits tax paid	(4)	(4)
Overseas profits tax refunded	1	–
Net cash (used in)/generated from operating activities	(138)	50

	Notes	2003 HK\$ million	2002 HK\$ million
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		(138)	50
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(90)	(88)
Purchases of subsidiaries	32(a)	(2)	(11)
Purchases of additional interests in a subsidiary		–	(14)
Purchases of investment properties		(49)	–
Payments for other assets		(27)	(24)
Payments for brands, trademarks and patents		–	(6)
Purchases of long term investments		(2)	(7)
Decrease/(increase) in pledged deposits with banks		40	(14)
Interest received		6	6
Proceeds from disposal of property, plant and equipment		35	20
Proceeds from disposal of long term investments		–	12
Disposal of subsidiaries	32(b)	(16)	–
Net cash used in investing activities		(105)	(126)
FINANCING ACTIVITIES			
Proceeds from issue of shares		576	–
Share issue expenses		(12)	–
Dividend paid to minority interests		(23)	(31)
Dividends paid		(90)	(36)
Capital element of finance lease rental payments		(9)	(1)
New secured bank loans		88	208
New unsecured bank loans		90	297
Repayment of secured bank loans		(157)	(134)
Repayment of unsecured bank loans		(219)	(155)
Decrease in trust receipt loans		(48)	(150)
Net cash generated from/(used in) financing activities		196	(2)
DECREASE IN CASH AND CASH EQUIVALENTS		(47)	(78)
Cash and cash equivalents at beginning of year		213	287
Effect of foreign exchange rate changes, net		3	4
CASH AND CASH EQUIVALENTS AT END OF YEAR		169	213
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		785	305
Bank overdrafts		(616)	(92)
		169	213