

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2003

	Notes	Year ended 31 December 2003 HK\$'000	Period from 1 October 2001 to 31 December 2002 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		82,360	99,693
Adjustments for:			
Interest income	5	(1,270)	(365)
Gain on disposal of fixed assets, net	6	(8)	—
Finance costs	8	29,020	3,093
Net gain attributable to the Group Restructuring	7	—	(119,472)
Depreciation	6	42,749	3,808
Amortisation of goodwill	6	2,290	1,100
Amortisation of deferred development costs	6	20,103	99
Bad and doubtful debt provisions on trade receivables	6	369	380
Provision for slow-moving and obsolete stocks	6	7,684	—
Loss on disposal of fixed assets, net	6	—	116
Write off of fixed assets	6	17,893	1,007
Impairment of fixed assets		—	9,985
Write off of deferred development costs	6	7,270	—
Operating profit/(loss) before working capital changes		208,460	(556)
Decrease in inventories		28,198	1,445
Decrease/(increase) in trade and bills receivables, prepayments, deposits and other receivables		(43,987)	630
Increase in trade and bills payables, other payables and accruals		245,948	5,700
Cash generated from operations		438,619	7,219
Interest received		1,270	365
Interest paid		(28,966)	—
Interest element on finance lease rental payments		(54)	(31)
Hong Kong profits tax paid		(6,424)	(754)
Net cash inflow from operating activities		404,445	6,799

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CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets		(31,594)	(2,563)
Proceeds from disposal of fixed assets		5,706	61
Additions to deferred development costs		(18,750)	(172)
Acquisition of subsidiaries	33(b)	134,932	15,026
Disposal of subsidiaries and discharge of secured and unsecured financial obligations upon the Group Restructuring	33(c)	—	(12,870)
Increase in pledged time deposits		(36,482)	(5,043)
Net cash inflow/(outflow) from investing activities		53,812	(5,561)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of new shares		—	40,000
Proceeds from placement of shares		—	17,800
Share issue expenses		—	(380)
Issue of convertible notes		21,000	20,000
Repayment of convertible notes		—	(23,000)
New bank loans		93,000	—
Repayment of bank loans		(115,183)	—
Net repayment of trust receipts		(69,238)	—
Capital element of finance lease rental payments		(1,114)	—
Net cash inflow/(outflow) from financing activities		(71,535)	54,420
INCREASE IN CASH AND CASH EQUIVALENTS		386,722	55,658
Cash and cash equivalents at beginning of year/period		62,933	7,275
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		449,655	62,933
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	316,620	27,718
Non-pledged time deposits with original maturity of less than three months when acquired	23	133,035	35,215
		449,655	62,933