

	2003	2002
	HK\$'000	HK\$'000
	<i>Note</i>	
CASH FROM OPERATING ACTIVITIES		
Loss from operations	(8,264)	(51,852)
Adjustments for:		
Interest income	(10)	(283)
Finance costs	279	520
Depreciation of property, plant and equipment	9,413	9,957
Provision for doubtful debts	16,783	30,662
Provision for inventory obsolescence	7,389	7,076
Net loss on disposal of property, plant and equipment	36	2,841
Operating cash flow before movements in working capital	25,626	(1,079)
Increase in inventories	(14,828)	(12,611)
(Increase)/decrease in trade receivables	(2,073)	4,511
Decrease in prepayments, deposits and other receivables	655	10,963
Decrease in trade payables	(13,100)	(21,719)
Decrease in other payables and accruals	(2,150)	(1,759)
Cash used in operations	(5,870)	(21,694)
Interests paid on bank loans and overdrafts	(279)	(520)
Income taxes paid	(96)	(228)
Net cash used in operation activities	(6,245)	(22,442)
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,462)	(13,058)
Proceeds on disposal of property, plant and equipment	95	—
Interest received	10	283
NET CASH USED IN INVESTING ACTIVITIES	(1,357)	(12,775)
FINANCING ACTIVITIES		
New bank loans raised	20,792	33,823
Repayment of bank loans	(25,377)	(32,669)
Net proceeds from the Placing and Public Offer	—	44,703
Dividend paid	—	(2,905)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(4,585)	42,952

	<i>Note</i>	2003 HK\$'000	2002 HK\$'000
Net (decrease)/increase in cash and cash equivalents		(12,187)	7,735
Cash and cash equivalents at beginning of year		14,890	7,155
Effect of foreign exchange rate changes		(458)	—
<u>Cash and cash equivalents at end of year</u>		<u>2,245</u>	<u>14,890</u>
 ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENT			
Bank balances and cash		2,562	15,890
Bank overdrafts	<i>20</i>	(317)	(1,000)
		<u>2,245</u>	<u>14,890</u>