

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2003 (Expressed in Hong Kong dollars)

	2003 \$'000	2002 \$'000
Operating activities		
Loss from ordinary activities before taxation	(93,694)	(118,526)
Adjustments for:		
– Depreciation	8,071	12,740
– Amortisation of development costs	5,845	–
– Amortisation of goodwill	3,063	1,333
– Interest income	(3)	(32)
– Loss on deemed disposal of a subsidiary	5,336	–
– Profit on disposal of subsidiaries	–	(1,966)
– Impairment loss on goodwill	–	31,000
– Impairment loss on fixed assets	–	27,457
– Provision for quality guarantee deposit	44,933	–
– Surplus arising from revaluation of land and buildings	(397)	(2,417)
– (Gain)/loss on disposal of fixed assets	(280)	11,368
– Finance costs	2,527	14,471
– Share of losses of associates	3,743	2
Foreign exchange difference	49	1,003
Operating loss before changes in working capital	(20,807)	(23,567)
Decrease in non-current assets	875	11,798
Increase in inventories	(7,113)	(2,371)
Decrease/(increase) in trade debtors	10,088	(105)
Decrease in net amount due from related company	–	14,654
(Increase)/decrease in other debtors, deposits and prepayments	(2,217)	30,807
(Increase)/decrease in net amounts due from associates	(3,174)	64
Increase in trade creditors	4,967	4,342
Increase in other creditors and accrued charges	1,240	2,082
Increase/(decrease) in amount due to ultimate holding company	250	(8,243)
Increase in amounts due to directors	368	118
Decrease in amount due to former directors and officers	(154)	–
Cash (used in)/generated from operations	(15,677)	29,579
Tax recovered	2,124	–
Tax paid	(681)	–
Net cash (used in)/from operating activities	(14,234)	29,579

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2003 (Expressed in Hong Kong dollars)

	Note	2003 \$'000	2002 \$'000
Investing activities			
Withdrawal of pledged deposits with banks		–	75,179
Payment for purchase of fixed assets		(5,300)	(6,070)
Net proceeds from sale of fixed assets		1,395	1,452
Cash inflow from disposal of subsidiaries	26(a)	587	505
Cash inflow from purchase of a subsidiary	26(b)	2,318	–
Interest received		3	4,434
Net cash (used in)/from investing activities		(997)	75,500
Financing activities			
Proceeds from rights issue	24(b)	–	74,664
Proceeds from warrant issue	24(d)	25,900	–
Redemption of convertible notes		–	(60,843)
New loans from banks and other financial institutions		24,389	30,493
Repayment of loans from banks and other financial institutions		(35,493)	(135,297)
Expenses incurred in connection with rights issue	25(a)	–	(1,600)
Expenses incurred in connection with warrant issue	25(a)	(1,402)	–
Interest paid		(3,149)	(15,528)
Net cash from/(used in) financing activities		10,245	(108,111)
Net decrease in cash and cash equivalents		(4,986)	(3,032)
Effect of foreign exchange rates changes		–	21
Cash and cash equivalents at 1 January		5,371	8,382
Cash and cash equivalents at 31 December		385	5,371

The notes on pages 40 to 82 form part of these financial statements.