

Consolidated Cash Flow Statement Year ended 31 December 2003

CASH FLOWS FROM OPERATING ACTIVITIES		Notes	2003 HK\$'000	2002 HK\$'000
Adjustments for: Finance costs Finance costs Finance costs Interest income Finance costs Interest income Finance costs Finance costs Interest income Finance costs Finance costs Finance costs Interest income Finance costs Finance cost fina	CASH FLOWS FROM OPERATING ACTIVITIES			
Adjustments for: Finance costs Finance costs Finance costs Interest income Finance costs Interest income Finance costs Finance costs Interest income Finance costs Finance costs Finance costs Interest income Finance costs Finance cost fina	Loss before tax		(101.580)	(205.378)
Finance costs	Adjustments for:		, , ,	, ,
Interest income		8	5,948	6,387
Write off of fixed assets 7 8,021 386 Loss/(gain) on disposal of fixed assets, net 7 (630) 1,764 Gain on disposal of subsidiaries 7 (16,609) (1,186) Depreciation of fixed assets 7 16,315 16,075 Amortisation of trademarks 7 — 700 Impairment of fixed assets 7 10,320 1,493 Impairment of goodwill of investment in a subsidiary 7 — 133,349 Provision for doubtful debts 7 816 28,531 Provision against inventories 7 — 11,057 Deficit/(surplus) arising on revaluation of properties, net 7 (704) 3,494 Provisions for tax claim and tax penalty by the PRC authorities 7 69,600 — Operating loss before working capital changes (8,697) (3,766) Increase in inventories (30,399) (26,275) Increase in trade and bills payables, accruals and other liabilities 44,489 27,778 Increase/(decrease) in trust receipts loans (16,586) (8,556) Interest received 194 438	Interest income	5		
Loss/(gain) on disposal of fixed assets, net 7 (630) 1,764 Gain on disposal of subsidiaries 7 (16,609) (1,186) Depreciation of fixed assets 7 16,315 16,075 Amortisation of trademarks 7 — 700 Impairment of fixed assets 7 10,320 1,493 Impairment of goodwill of investment in a subsidiary 7 — 133,349 Provision for doubtful debts 7 816 28,531 Provision against inventories 7 — 11,057 Deficit/(surplus) arising on revaluation of properties, net 7 (704) 3,494 Provisions for tax claim and tax penalty by the PRC authorities 7 69,600 — Operating loss before working capital changes (8,697) (3,766) Increase in inventories (30,399) (26,275) Increase in receivables, prepayments and deposits (9,522) (6,994) Increase/(decrease) in trust receipts loans (12,457) 701 Cash used in operations (16,586) (8,556) Inter	Write off of fixed assets	7	• •	• •
Gain on disposal of subsidiaries 7 (16,609) (1,186) Depreciation of fixed assets 7 16,315 16,075 Amortisation of trademarks 7 — 700 Impairment of fixed assets 7 10,320 1,493 Impairment of goodwill of investment in a subsidiary 7 — 133,349 Provision for doubtful debts 7 816 28,531 Provision against inventories 7 — 11,057 Deficit/(surplus) arising on revaluation of properties, net 7 (704) 3,494 Provisions for tax claim and tax penalty by the PRC authorities 7 69,600 — Operating loss before working capital changes (8,697) (3,766) Increase in inventories (30,399) (26,275) Increase in receivables, prepayments and deposits (9,522) (6,994) Increase in trade and bills payables, accruals and other liabilities 44,489 27,778 Increase/(decrease) in trust receipts loans (12,457) 701 Cash used in operations (16,586) (8,556) <t< td=""><td>Loss/(gain) on disposal of fixed assets, net</td><td>7</td><td>•</td><td>1,764</td></t<>	Loss/(gain) on disposal of fixed assets, net	7	•	1,764
Depreciation of fixed assets 7 16,315 16,075 Amortisation of trademarks 7 — 700 Impairment of fixed assets 7 10,320 1,493 Impairment of goodwill of investment in a subsidiary 7 — 133,349 Provision for doubtful debts 7 816 28,531 Provision against inventories 7 — 11,057 Deficit/(surplus) arising on revaluation of properties, net 7 (704) 3,494 Provisions for tax claim and tax penalty by the PRC authorities 7 69,600 — Operating loss before working capital changes (8,697) (3,766) Increase in inventories (30,399) (26,275) Increase in receivables, prepayments and deposits (9,522) (6,994) Increase in trade and bills payables, accruals and other liabilities 44,489 27,778 Increase/(decrease) in trust receipts loans (12,457) 701 Cash used in operations (16,586) (8,556) Interest received 194 438 Interest paid (5,948) <td></td> <td>7</td> <td>• •</td> <td>•</td>		7	• •	•
Amortisation of trademarks 7 — 700 Impairment of fixed assets 7 10,320 1,493 Impairment of goodwill of investment in a subsidiary 7 — 133,349 Provision for doubtful debts 7 816 28,531 Provision against inventories 7 — 11,057 Deficit/(surplus) arising on revaluation of properties, net 7 (704) 3,494 Provisions for tax claim and tax penalty by the PRC authorities 7 69,600 — Operating loss before working capital changes (8,697) (3,766) Increase in inventories (30,399) (26,275) Increase in receivables, prepayments and deposits (9,522) (6,994) Increase in trade and bills payables, accruals and other liabilities 44,489 27,778 Increase/(decrease) in trust receipts loans (12,457) 701 Cash used in operations (16,586) (8,556) Interest received 194 438 Interest paid (5,948) (6,387) Mainland China taxes paid (7,031) — <td></td> <td>7</td> <td>16,315</td> <td></td>		7	16,315	
Impairment of goodwill of investment in a subsidiary 7	Amortisation of trademarks	7	_	700
Provision for doubtful debts 7 816 28,531 Provision against inventories 7 — 11,057 Deficit/(surplus) arising on revaluation of properties, net 7 (704) 3,494 Provisions for tax claim and tax penalty by the PRC authorities 7 69,600 — Operating loss before working capital changes (8,697) (3,766) Increase in inventories (30,399) (26,275) Increase in receivables, prepayments and deposits (9,522) (6,994) Increase in trade and bills payables, accruals and other liabilities 44,489 27,778 Increase/(decrease) in trust receipts loans (12,457) 701 Cash used in operations (16,586) (8,556) Interest received 194 438 Interest paid (5,948) (6,387) Mainland China taxes paid (7,031) —	Impairment of fixed assets	7	10,320	1,493
Provision against inventories 7 — 11,057 Deficit/(surplus) arising on revaluation of properties, net 7 (704) 3,494 Provisions for tax claim and tax penalty by the PRC authorities 7 69,600 — Operating loss before working capital changes (8,697) (3,766) Increase in inventories (30,399) (26,275) Increase in receivables, prepayments and deposits (9,522) (6,994) Increase in trade and bills payables, accruals and other liabilities 44,489 27,778 Increase/(decrease) in trust receipts loans (12,457) 701 Cash used in operations (16,586) (8,556) Interest received 194 438 Interest paid (5,948) (6,387) Mainland China taxes paid (7,031) —	Impairment of goodwill of investment in a subsidiary	7	_	133,349
Deficit/(surplus) arising on revaluation of properties, net 7 (704) 3,494 Provisions for tax claim and tax penalty by the PRC authorities 7 69,600 — Operating loss before working capital changes (8,697) (3,766) Increase in inventories (30,399) (26,275) Increase in receivables, prepayments and deposits (9,522) (6,994) Increase in trade and bills payables, accruals and other liabilities 44,489 27,778 Increase/(decrease) in trust receipts loans (12,457) 701 Cash used in operations (16,586) (8,556) Interest received 194 438 Interest paid (5,948) (6,387) Mainland China taxes paid (7,031) —	Provision for doubtful debts	7	816	28,531
net 7 (704) 3,494 Provisions for tax claim and tax penalty by the PRC authorities 7 69,600 — Operating loss before working capital changes (8,697) (3,766) Increase in inventories (30,399) (26,275) Increase in receivables, prepayments and deposits (9,522) (6,994) Increase in trade and bills payables, accruals and other liabilities 44,489 27,778 Increase/(decrease) in trust receipts loans (12,457) 701 Cash used in operations (16,586) (8,556) Interest received 194 438 Interest paid (5,948) (6,387) Mainland China taxes paid (7,031) —	Provision against inventories	7	_	11,057
Provisions for tax claim and tax penalty by the PRC authorities 7 69,600 — Operating loss before working capital changes (8,697) (3,766) Increase in inventories (30,399) (26,275) Increase in receivables, prepayments and deposits (9,522) (6,994) Increase in trade and bills payables, accruals and other liabilities 44,489 27,778 Increase/(decrease) in trust receipts loans (12,457) 701 Cash used in operations (16,586) (8,556) Interest received 194 438 Interest paid (5,948) (6,387) Mainland China taxes paid (7,031) —	Deficit/(surplus) arising on revaluation of properties,			
authorities 7 69,600 — Operating loss before working capital changes (8,697) (3,766) Increase in inventories (30,399) (26,275) Increase in receivables, prepayments and deposits (9,522) (6,994) Increase in trade and bills payables, accruals and other liabilities 44,489 27,778 Increase/(decrease) in trust receipts loans (12,457) 701 Cash used in operations (16,586) (8,556) Interest received 194 438 Interest paid (5,948) (6,387) Mainland China taxes paid (7,031) —	net	7	(704)	3,494
Operating loss before working capital changes (8,697) (3,766) Increase in inventories (30,399) (26,275) Increase in receivables, prepayments and deposits (9,522) (6,994) Increase in trade and bills payables, accruals and other liabilities 44,489 27,778 Increase/(decrease) in trust receipts loans (12,457) 701 Cash used in operations (16,586) (8,556) Interest received 194 438 Interest paid (5,948) (6,387) Mainland China taxes paid (7,031) —	Provisions for tax claim and tax penalty by the PRC			
Increase in inventories Increase in receivables, prepayments and deposits Increase in trade and bills payables, accruals and other Iiabilities Increase/(decrease) in trust receipts loans Cash used in operations Interest received Interest paid Interest paid Mainland China taxes paid (30,399) (26,275) (6,994) (12,457) (12,457) (12,457) (12,457) (16,586) (16,586) (16,586) (16,586) (16,387) (16,387) (17,031) —	authorities	7	69,600	
Increase in inventories Increase in receivables, prepayments and deposits Increase in trade and bills payables, accruals and other Iiabilities Increase/(decrease) in trust receipts loans Cash used in operations Interest received Interest paid Interest paid Mainland China taxes paid (30,399) (26,275) (6,994) (12,457) (12,457) (12,457) (12,457) (16,586) (16,586) (16,586) (16,586) (16,387) (16,387) (17,031) —	Operating loss before working capital changes		(8,697)	(3,766)
Increase in receivables, prepayments and deposits Increase in trade and bills payables, accruals and other Iliabilities Increase/(decrease) in trust receipts loans Cash used in operations Interest received Interest received Interest paid Interest paid Mainland China taxes paid (6,994) (6,994) (12,489) (12,457) (16,586) (16,586) (16,586) (19,522) (10,994) (•
Increase in trade and bills payables, accruals and other liabilities 44,489 27,778 Increase/(decrease) in trust receipts loans (12,457) 701 Cash used in operations (16,586) (8,556) Interest received 194 438 Interest paid (5,948) (6,387) Mainland China taxes paid (7,031) —	Increase in receivables, prepayments and deposits			
Increase/(decrease) in trust receipts loans (12,457) 701 Cash used in operations (16,586) (8,556) Interest received 194 438 Interest paid (5,948) (6,387) Mainland China taxes paid (7,031) —	Increase in trade and bills payables, accruals and other			
Cash used in operations (16,586) (8,556) Interest received 194 438 Interest paid (5,948) (6,387) Mainland China taxes paid (7,031) —	liabilities		44,489	27,778
Interest received 194 438 Interest paid (5,948) (6,387) Mainland China taxes paid (7,031) —	Increase/(decrease) in trust receipts loans		(12,457)	701
Interest received 194 438 Interest paid (5,948) (6,387) Mainland China taxes paid (7,031) —				
Interest paid (5,948) (6,387) Mainland China taxes paid (7,031) —	Cash used in operations		(16,586)	(8,556)
Mainland China taxes paid (7,031) —	Interest received			438
	Interest paid		(5,948)	(6,387)
Net cash outflow from operating activities (29,371) (14,505)	Mainland China taxes paid		(7,031)	_
Net cash outflow from operating activities (29,371) (14,505)				
	Net cash outflow from operating activities		(29,371)	(14,505)



Consolidated Cash Flow Statement (Cont'd) Year ended 31 December 2003

	Notes	2003 HK\$'000	2002 HK\$'000
Net cash outflow from operating activities		(29,371)	(14,505)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets	13	(3,044)	(15,476)
Proceeds from disposal of fixed assets	13	16,128	12,111
Disposal of subsidiaries	31	12,276	6,001
Repayment of loan to an officer	37	45	43
Decrease in pledged bank balances		5,617	3,699
Decrease in pieugeu bank balances		3,017	3,099
Net cash inflow from investing activities		31,022	6,378
CASH FLOWS FROM FINANCING ACTIVITIES			
New loans from former immediate holding company		_	80,096
Repayment of loans from former immediate holding			·
company			(33,926)
New loans from fellow subsidiaries		54,600	18,846
Repayment of loans from fellow subsidiaries		(9,418)	(9,423)
New bank loans		48,817	83,923
Repayment of bank loans		(70,327)	(178,327)
Net cash inflow/(outflow) from financing activities		23,672	(38,811)
NET INCREASE/(DECREASE) IN CASH AND CASH			
EQUIVALENTS		25,323	(46,938)
Cash and cash equivalents at beginning of year		51,854	98,769
Effect of foreign exchange rate changes, net		(200)	23
CASH AND CASH EQUIVALENTS AT END OF YEAR		76,977	51,854
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	76,977	51,854