



Consolidated Cash Flow Statement

Year ended 31 December 2003

	Notes	2003 HK\$'000	2002 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(101,580)	(205,378)
Adjustments for:			
Finance costs	8	5,948	6,387
Interest income	5	(194)	(438)
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 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 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		<u>(29,371)</u>	<u>(14,505)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets	13	(3,044)	(15,476)
Proceeds from disposal of fixed assets		16,128	12,111
Disposal of subsidiaries	31	12,276	6,001
Repayment of loan to an officer		45	43
Decrease in pledged bank balances		<u>5,617</u>	<u>3,699</u>
Net cash inflow from investing activities		<u>31,022</u>	<u>6,378</u>
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		<u>(70,327)</u>	<u>(178,327)</u>
Net cash inflow/(outflow) from financing activities		<u>23,672</u>	<u>(38,811)</u>
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		<u>(200)</u>	<u>23</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>76,977</u></u>	<u><u>51,854</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	<u><u>76,977</u></u>	<u><u>51,854</u></u>