

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2003

	NOTES	2003 HK\$'000	2002 HK\$'000
OPERATING ACTIVITIES			
Loss from operations		(16,091)	(20,052)
Adjustments for:			
Depreciation and amortisation of property, plant and equipment		1,146	4,986
Amortisation of intangible asset		113	585
Amortisation of goodwill		323	208
Impairment loss recognised in respect of intangible asset		320	1,000
Allowance for slow moving and obsolete inventories		2,995	—
Write back of allowance for bad and doubtful debts		(470)	—
Unrealised (gain) loss on investments in securities		(449)	3,560
Loss on disposal of property, plant and equipment		530	—
Interest income		(73)	(231)
Dividend income		(39)	(180)
Operating cash flow before movements in working capital		(11,695)	(10,124)
Decrease in inventories		1,825	1,427
Decrease (increase) in trade and other receivables		5,699	(18,816)
Decrease (increase) in investment in securities		11,491	(26,674)
(Decrease) increase in trade and other payables		(2,430)	7,366
(Decrease) increase in amounts due to related companies		(144)	144
Increase in amounts due to directors		120	—
Cash generated from (used in) operations		4,866	(46,677)
Dividend received		39	180
Interest received		73	231
Taxation paid		—	(183)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		4,978	(46,449)
INVESTING ACTIVITIES			
Decrease in pledged bank deposits		4,745	1,858
Proceeds on disposal of subsidiaries	26	2,891	18,569
Proceeds from disposal of property, plant and equipment		20	—
Purchase of property, plant and equipment		(453)	(1,941)
Acquisition of subsidiaries	25	—	(20,290)
Purchase of intangible asset		—	(2,000)
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES		7,203	(3,804)

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For the year ended 31 December 2003

	2003 HK\$'000	2002 HK\$'000
FINANCING ACTIVITIES		
Repayment of bank loans	(1,774)	—
Interest and finance charge paid	(259)	(2,343)
Contribution from minority shareholders	1,825	—
Repayment of obligations under a finance lease	—	(50)
New other loans raised	—	26,774
Advance from a director	—	5,110
Net proceeds from issue of shares	—	11
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NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	(208)	29,502
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INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,973	(20,751)
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CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	7,078	27,622
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EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(105)	207
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CASH AND CASH EQUIVALENTS AT END OF THE YEAR	18,946	7,078
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ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	18,946	13,088
Bank overdrafts	—	(6,010)
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	18,946	7,078
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