

Consolidated Cash Flow Statement

Year ended 31 December 2003

	Notes	2003 HK\$'000	2002 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(1,795)	(94,615)
Adjustments for:			
Interest income	8	(3)	(3,271)
Gain on disposal of discontinued operations	8	(4,943)	(8,327)
Loss on disposal of fixed assets	8	–	147
Loss on disposal of associates	8	–	19,031
Amortisation of goodwill on acquisition of subsidiaries	8	2,272	379
Amortisation of an intangible asset	8	499	2,850
Depreciation	8	3,853	4,366
Bad debts written off	8	–	3,628
Provision for doubtful debts	8	1,447	41,564
Provision for impairment of the interest in an unconsolidated subsidiary	8	14,439	–
Provision for impairment of an intangible asset	8	7,481	14,820
Finance costs	9	–	2,366
Share of profits less losses of associates		–	760
Amortisation of goodwill on acquisition of associates		–	2,889
		23,250	(13,413)
Operating profit/(loss) before working capital changes			
Increase in an amount due from an associate		–	(250)
Decrease in inventories		4,189	4,164
Decrease/(increase) in accounts receivable		(39,174)	580
Decrease/(increase) in prepayments, deposits and other receivables		(2,093)	23,244
Decrease in amounts due from related companies		115	2,347
Decrease in accounts payable		(471)	(428)
Increase/(decrease) in other payables and accrued liabilities		1,240	(4,814)
Increase in amounts due to related companies		2,476	7,109
Decrease in an amount due to a minority shareholder of a subsidiary		(2,998)	–
		(13,466)	18,539
Cash generated from/(used in) operations			
Interest paid		–	(2,366)
Net cash inflow/(outflow) from operating activities:			
Continuing operations		(13,483)	7,994
Discontinuing/discontinued operations		17	8,179
		(13,466)	16,173

Consolidated Cash Flow Statement (Continued)

Year ended 31 December 2003

	<i>Notes</i>	2003 HK\$'000	2002 <i>HK\$'000</i>
Net cash inflow/(outflow) from operating activities		(13,466)	16,173
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		3	1,795
Purchases of fixed assets		(59)	(12,825)
Proceeds from disposal of fixed assets		–	562
Refund of a deposit paid for an investment/ (deposit paid for an investment)		36,000	(36,000)
Deposits paid for potential future investments	23	(126,000)	–
Acquisition of subsidiaries	33(b)	–	484
Disposal of subsidiaries (discontinued operations)	33(c)	–	(39,153)
Repayment of promissory notes receivable in connection with the disposal of discontinued operations		90,000	19,000
Decrease in pledged bank deposits		–	7,135
Net cash inflow/(outflow) from investing activities:			
Continuing operations		(60,056)	(28,774)
Discontinuing/discontinued operations		60,000	(30,228)
		(56)	(59,002)
CASH FLOWS FROM FINANCING ACTIVITIES			
Deposit received in connection with a placement of shares	30	5,250	–
Proceeds from issue of share capital		–	27,759
Share issue expenses		–	(430)
Repayment of bank loans		–	(13,016)
Net cash inflow/(outflow) from financing activities:			
Continuing operations		5,250	27,329
Discontinuing/discontinued operations		–	(13,016)
		5,250	14,313
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		8,476	36,992
Cash and cash equivalents deconsolidated		(61)	–
Effect of foreign exchange rate changes, net		26	–
CASH AND CASH EQUIVALENTS AT END OF YEAR		169	8,476
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		169	8,476