

Consolidated Cash Flow Statement

For the year ended 31st December, 2002

	Note	2002 HK\$'000	2001 Restated HK\$'000
Operating activities			
Loss from ordinary activities before taxation		(28,281)	(10,060)
Adjustments for:			
Depreciation of fixed assets		21,109	17,528
Impairment loss in respect of fixed assets		5,982	–
Amoritsation of intangible assets		2,496	2,496
Provision for land held for resale		–	2,203
Finance costs		19,959	31,390
Dividend income		(7)	(9)
Interest income		(211)	(880)
Share of loss of associates		13,979	2,035
Waiver of amount due to related company		(4,056)	–
Loss from partnership		1,409	1,337
Net loss on sale of fixed assets		85	2
Gain on disposal of listed investments		–	(160)
Unrealised loss on listed investments		96	184
Unrealised gain on revaluation of investment in Squaw Creek Associates		(685)	(3,288)
Revaluation surplus on investment properties		–	(3,285)
Write off of goodwill		(51)	–
Foreign exchange loss/(gain)		3,931	(876)
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Operating profit before changes in working capital		35,755	38,617
Increase in inventories		(2,167)	(4,545)
Decrease/(increase) in debtors and prepayments		1,438	(9,224)
Increase in creditors and accrued charges		5,026	903
Decrease in rental deposits received		(395)	(911)
Increase/(decrease) in accrued employee benefits		422	(51)
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Cash generated from operations		40,079	24,789
Tax paid			
Hong Kong profits tax (paid)/refunded		(953)	854
Overseas tax paid		(12,049)	(3,439)
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Net cash from operating activities		27,077	22,204
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Consolidated Cash Flow Statement (Continued)

For the year ended 31st December, 2002

	Note	2002 HK\$'000	2001 Restated HK\$'000
Investing activities			
Payment for purchase of fixed assets		(18,573)	(20,567)
Proceeds from sales of fixed assets		178	8
Proceeds from sales of land held for resale	(b)	28,333	–
Payment for purchase of current investments		–	(69)
Proceeds on disposal of investments		–	316
Interest received		856	511
Dividend received		7	9
Capital element of distributions from partnership		7,642	–
Increase in investment in associate		(1,950)	–
Increase in amounts due from associates		(6,842)	(123)
Increase in interest in Squaw Creek Associates		(1,248)	–
Increase in amount due from partnership		(982)	–
		<u>7,421</u>	<u>(19,915)</u>
Net cash from/(used in) investing activities			
Financing activities			
Proceeds from new bank loans		261,509	271,778
Repayment of bank loans		(284,165)	(283,233)
Net (decrease)/increase in bank overdrafts		(21,776)	33,714
Proceeds from finance lease transaction for owned assets		15,000	–
Capital element of finance lease rentals paid		(4,595)	(166)
Proceeds from new advances from shareholders		900	1,000
Increase/(decrease) in amounts due to related companies and related parties		570	(1,435)
New loans from a director		19,000	–
Proceeds from shares issued under share option scheme		–	56
Interest paid		(17,821)	(24,843)
Interest element of finance lease rentals paid		(656)	(41)
		<u>(32,034)</u>	<u>(3,170)</u>
Net cash used in financing activities			
Net increase/(decrease) in cash and cash equivalents		2,464	(881)
Cash and cash equivalents at 1st January		6,417	7,377
Effect of foreign exchange rates changes		209	(79)
Cash and cash equivalents at 31st December		<u>9,090</u>	<u>6,417</u>

Consolidated Cash Flow Statement *(Continued)*

For the year ended 31st December, 2002

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Major Non-cash Transaction

During the year ended 31st December, 2002, the Group entered into the following non-cash transactions:

- (a) The Group entered into an agreement with an associate such that the amount due to an associate of HK\$87,360,000 was settled by offsetting the same amount due from another associate.
- (b) Certain land held for resale was sold for cash consideration of RMB30,000,000 and residential units in the PRC initially valued at RMB5,000,000. These residential units are included in “properties held for resale” as at 31st December, 2002.