

Consolidated Cash Flow Statement

For the year ended 31st December, 2003

	2003	2002
Note	<i>HK\$'000</i>	Restated <i>HK\$'000</i>
Operating activities		
Profit/(loss) from ordinary activities before taxation	879	(28,708)
Adjustments for:		
Depreciation of fixed assets	21,057	21,109
Impairment loss in respect of fixed assets	2,984	5,982
Amortisation of intangible assets	–	2,496
Finance costs	16,731	19,959
Dividend income	(1)	(7)
Interest income	(51)	(211)
Share of loss of associates	9,373	13,979
Waiver of amount due to related company	–	(4,056)
Loss from partnership	1,853	1,409
Net (gain)/loss on sale of fixed assets	(203)	85
Unrealised loss on listed investments	14	96
Unrealised gain on revaluation of investment in Squaw Creek Associates, LLC	(a) (1,727)	(685)
Write off of goodwill	(1)	(51)
Foreign exchange loss	5,518	3,931
Operating profit before changes in working capital	56,426	35,328
Decrease/(increase) in inventories	14,768	(2,167)
Decrease in trade and other receivables	744	1,438
Increase in creditors and accrued charges	16,889	5,026
Decrease in rental deposits received	(443)	(395)
(Decrease)/increase in accrued employee benefits	(502)	422
Cash generated from operations	87,882	39,652
Tax paid		
Hong Kong profits tax paid	(1,542)	(953)
Overseas tax paid	(6,178)	(11,622)
Net cash from operating activities	80,162	27,077

Consolidated Cash Flow Statement (Continued)

For the year ended 31st December, 2003

	Note	2003 HK\$'000	2002 Restated HK\$'000
Investing activities			
Payment for purchase of fixed assets		(18,406)	(18,573)
Proceeds from sales of fixed assets		215	178
Proceeds from sales of land held for resale	(b)	–	28,333
Interest received		51	856
Dividend received		1	7
Capital element of distributions from partnership		7,511	7,642
Increase in investment in associate	(a)	–	(1,950)
Increase in amounts due from associates		(13,372)	(6,842)
Increase in interest in Squaw Creek Associates, LLC	(a)	(584)	(1,248)
Increase in amount due from partnership		–	(982)
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Net cash (used in)/from investing activities		(24,584)	7,421
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Financing activities			
Proceeds from new bank loans		291,796	261,509
Repayment of bank loans		(328,406)	(284,165)
Net increase/(decrease) in bank overdrafts		6,621	(21,776)
Proceeds from finance lease transaction for owned assets		–	15,000
Capital element of finance lease rentals paid		(5,882)	(4,595)
Proceeds from new advances from shareholders		–	900
Increase in amounts due to related companies and related parties		2,437	570
New loans from a director		7,019	19,000
Interest paid		(16,396)	(17,821)
Interest element of finance lease rentals paid		(474)	(656)
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Net cash used in financing activities		(43,285)	(32,034)
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Net increase in cash and cash equivalents		12,293	2,464
Cash and cash equivalents at 1st January		9,090	6,417
Effect of foreign exchange rates changes		413	209
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Cash and cash equivalents at 31st December		21,796	9,090
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Consolidated Cash Flow Statement *(Continued)*

For the year ended 31st December, 2003

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Major non-cash transaction

- (a) During the year ended 31st December, 2003, the Group's associate company purchased additional shareholding in Squaw Creek Associates, LLC ("SCA") and SCA also became an associate of the Group. At this point, the Group's investment in SCA was reclassified from other securities to investments in associates. Further details are set out in Notes 13 and 15.
- (b) During the year ended 31st December, 2002, the Group entered into the following non-cash transactions:
 - (i) 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.
 - (ii) 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 and 2003.