

# Consolidated Cash Flow Statement

For the year ended 31st December, 2003

NOTES	2003 HK\$	2002 HK\$
<b>OPERATING ACTIVITIES</b>		
Loss from operations	<b>(31,959,850)</b>	(82,140,098)
Adjustments for:		
Allowance for bad debts written back	<b>(1,105,360)</b>	(854,339)
Allowance for doubtful loans and bad debts	–	3,453,521
Impairment loss recognised in respect of properties held for development	–	36,166,581
Impairment loss recognised in respect of other asset	–	1,535,000
Impairment loss recognised in respect of investment securities	–	1,500
Depreciation of property, plant and equipment	<b>1,951,952</b>	2,243,875
Amortisation of intangible assets	<b>271,430</b>	750,000
Loss on disposal of property, plant and equipment	<b>1,696,615</b>	257,404
Dividend income from unlisted investment	<b>(8,814)</b>	(647,127)
Interest income	<b>(981,009)</b>	(2,311,545)
Exchange differences arising on consolidation	–	(18,192)
Operating cash flows before movements in working capital	<b>(30,135,036)</b>	(41,563,420)
Decrease in properties held for development	–	28,066,268
Decrease in loans receivable	–	4,565,108
(Increase) decrease in accounts receivable	<b>(13,523,292)</b>	26,904,578
(Increase) decrease in deposits and prepayments	<b>(1,872,984)</b>	1,238,429
Increase in investment securities	<b>(7)</b>	–
(Increase) in amount due from a shareholder	<b>(29,839,067)</b>	–
(Increase) decrease in bank balances – trust and segregated accounts	<b>(18,898,443)</b>	54,714,454
Increase (decrease) in accounts payable	<b>33,182,337</b>	(96,586,483)
Increase in other payables and accrued charges	<b>897,745</b>	2,390,027
Increase (decrease) in amounts due to directors	<b>2,600,402</b>	(200,000)
Cash used in operations	<b>(57,588,345)</b>	(20,471,039)
The People's Republic of China tax paid	–	(2,211,293)
Dividend received from investment securities	<b>8,814</b>	647,127
Interest received	<b>981,009</b>	2,311,545
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(56,598,522)</b>	(19,723,660)

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For the year ended 31st December, 2003

	NOTES	2003 HK\$	2002 HK\$
<b>INVESTING ACTIVITIES</b>			
Purchase of plant and equipment		(17,511)	(49,679)
Proceeds from disposal of property, plant and equipment		4,500,000	46,226
Proceeds from disposal of intangible asset		–	2,500,000
Refund of statutory deposits		25,000	145,000
Advance from an associate		16,008	17,366
Disposal of subsidiaries	30	31,785,363	–
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>36,308,860</b>	<b>2,658,913</b>
<b>FINANCING ACTIVITIES</b>			
(Repayment of) cash proceeds from loans payable		(27,599,095)	39,243,756
Interest paid		(4,575,774)	(6,773,553)
Cash paid to a minority shareholder		–	(365,383)
Repayments of obligations under finance leases		–	(134,841)
Repayments of bank loans and overdrafts		(6,406,538)	(30,680,738)
Cash proceeds from shares issued		42,840,000	26,165,840
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>		<b>4,258,593</b>	<b>27,455,081</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(16,031,069)</b>	<b>10,390,334</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>20,462,203</b>	<b>10,071,869</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<b>4,431,134</b>	<b>20,462,203</b>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Bank balances (general accounts) and cash		4,431,134	20,462,203