

Consolidated Cash Flow Statement

For the year ended 31 December 2003

	2003 HK\$'000	2002 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss from operating activities before taxation	(261,745)	(273,766)
Adjustments for:		
Share of results of associated companies	(2)	486
Provision for doubtful debts and loans receivable	6,001	63,165
Interest income (excluding interest income on loans receivable)	(1)	(118)
Finance costs	4,039	4,633
Impairment loss on investments held for resale	115,739	30,816
Impairment loss on investments in associated companies	11,862	–
Impairment loss on intangible assets	2,426	–
Impairment loss on club membership	125	700
Depreciation of property, plant and equipment	705	2,248
Amortisation of intangible assets	14,551	151,726
Amortisation of premium on acquisition of associated companies	7,764	5,823
Loss on disposal of property, plant and equipment	–	582
Loss on disposal of subsidiaries	–	1,905
Property, plant and equipment written off	1,064	–
Loss on disposal of club membership	193	–
Provision for claims	17,270	–
Provision for litigation losses	72,662	–
Warranty claims on a disposed subsidiary	6,000	–
Profit guarantee related to acquisition of a subsidiary	(12,000)	(8,000)
Profit guarantee related to acquisition of associated companies	(7,000)	–
Operating loss before working capital changes	(20,347)	(19,800)
Decrease/(increase) in gross amounts due from customers on construction contracts	568	(568)
Decrease in loans receivable	–	15,000
Decrease/(increase) in accounts receivable	493	(2,970)
Decrease in prepayments, deposits and other receivables	911	5,429
Decrease in amounts due to a related party	–	(1,233)
Decrease in accounts payable	(3,556)	(2,981)
Decrease in gross amounts due to customers on construction contracts	(229)	(2,964)
Increase in accruals and other payables	17,333	4,348
Cash used in operations	(4,827)	(5,739)
Net interest paid	(4,038)	(4,515)
Hong Kong profits tax paid	–	(19)
Net cash used in operating activities	(8,865)	(10,273)

The notes on pages 28 to 62 form an integral part of these financial statements.

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For the year ended 31 December 2003

	Note	2003 HK\$'000	2002 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash outflow from acquisition of a subsidiary		–	(11,103)
Net cash outflow from acquisition of associated companies		–	(1,838)
Purchase of property, plant and equipment		(622)	(842)
Advances to a subsidiary		–	(2,144)
Proceeds from disposal of property, plant and equipment		–	10
Proceeds from disposal of club membership		500	–
Deconsolidation of a subsidiary	27(b)	(6)	–
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Net cash used in investing activities		(128)	(15,917)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		–	29,120
Redemption of debentures and promissory notes		–	(47,000)
Advances from a shareholder		7,331	794
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Net cash from/(used in) financing activities		7,331	(17,086)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,662)	(43,276)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		1,774	45,140
Effect of change in exchange rates		–	(90)
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CASH AND CASH EQUIVALENTS AT 31 DECEMBER		<u>112</u>	<u>1,774</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		<u>112</u>	<u>1,774</u>

The notes on pages 28 to 62 form an integral part of these financial statements.