

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2004

	Notes	2004 HK\$'000	2003 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(191,892)	(189,750)
Adjustments for:			
Finance costs	7	7,339	8,917
Share of profits and losses of a jointly-controlled entity and associates		3,085	22,625
Interest income	5	(550)	(498)
Depreciation	6	19,912	21,751
Amortisation of intangible assets	6	1,327	1,395
Amortisation of goodwill	6	7,239	1,408
Impairment of goodwill	6	1,814	—
Loss on disposal of fixed assets	6	190	2,015
Gain on disposal of leasehold land and buildings attributable to discontinuing operation	40	(4,697)	—
Loss on disposal of investment properties	6	638	—
Impairment of investment properties	6	—	10,571
Deficit/(surplus) on revaluation of investment properties	6	3,732	(1,944)
Impairment of a property under development	6	63,591	—
Gain on disposal of an associate	5	—	(565)
Gain on disposal of short term investments		(924)	—
Provision for an amount due from a jointly-controlled entity	6	21	1,209
Unrealised loss/(gain) on revaluation of short term investments	6	(1)	7
Provision for prepayments, deposits and other receivables	6	—	19,841
Impairment of goodwill remaining eliminated against capital reserve	6	29,454	55,873
Impairment of fixed assets	6	22,819	5,733
Impairment of long term investments	6	847	—
Provision for amounts due from associates	6	5,200	3,963
Impairment of intangible assets	6	—	11,037
Provision for inventories		3,649	15,531
Provision/(write-back of provision) for bad and doubtful debts	6	(321)	11,740
Provision for deposit for purchase of a property	6	18,701	—
Operating profit/(loss) before working capital changes		(8,827)	859

CONSOLIDATED CASH FLOW STATEMENT (continued)

Year ended 31 December 2004

	Notes	2004 HK\$'000	2003 HK\$'000
Operating profit/(loss) before working capital changes		(8,827)	859
Decrease/(increase) in inventories		(807)	7,442
Decrease/(increase) in trade receivables		(8,704)	6,637
Decrease in prepayments, deposits and other receivables		2,054	10,699
Increase in trade and bills payables		97	11,827
Increase/(decrease) in other payables and accruals		963	(1,797)
Exchange realignments		279	(436)
Cash generated from/(used in) operations		(14,945)	35,231
Interest paid		(7,287)	(8,856)
Interest element of finance lease rental payments		(65)	(67)
Hong Kong profits tax refunded/(paid)		(234)	225
Overseas taxes paid		(5,211)	(5,996)
Net cash inflow/(outflow) from operating activities		(27,742)	20,537
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets		(10,633)	(11,781)
Proceeds from disposal of fixed assets		23,986	310
Additions to properties under development		(28,030)	(11,938)
Acquisition of a subsidiary	36	—	(4,005)
Advance to a jointly-controlled entity		(21)	(622)
Repayment from associates		593	1,630
Increase in investment in associates		—	(2,310)
Proceeds from disposal of an associate		—	7,477
Proceeds from sale of short term investments		4,342	—
Repayment of mortgage loans receivable		945	90
Decrease/(increase) in pledged time deposits		5,200	(3,250)
Increase in pension scheme asset		(171)	(138)
Interest received		550	498
Dividends received from associates		712	2,510
Proceeds from sale of investment properties		45,631	—
Net cash inflow/(outflow) from investing activities		43,104	(21,529)

CONSOLIDATED CASH FLOW STATEMENT (continued)

Year ended 31 December 2004

	Notes	2004 HK\$'000	2003 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of shares	33	2,657	4
Repurchase of shares	33	—	(551)
Share repurchase expenses	33	—	(2)
New bank loans		70,500	59,183
New other long term payables		29,328	—
Repayment of bank loans		(109,131)	(37,830)
Capital element of finance lease rental payments		(402)	(673)
		<u>(7,048)</u>	<u>20,131</u>
Net cash inflow/(outflow) from financing activities			
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		58,693	39,505
Effect of foreign exchange rate changes, net		7	49
		<u>67,014</u>	<u>58,693</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR			
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	27	67,014	48,152
Non-pledged time deposits with original maturity			
of less than three months when acquired	27	—	15,538
Bank overdrafts	29	—	(4,997)
		<u>67,014</u>	<u>58,693</u>