

For the year ended 31st December 2004

Consolidated Cash Flow Statement

| | 2004 RMB'000 | 2003 RMB'000 |
|--|-------------------------|-----------------------|
| Cash flows from operating activities | | |
| (Loss) profit before taxation | (194,466) | 31,834 |
| Adjustments for: | | |
| Share of results of a jointly controlled entity | (21,288) | (24,288) |
| Profit on disposal of a jointly controlled entity | (2,821) | – |
| Interest income from bank deposits | (5,160) | (4,351) |
| Depreciation on fixed assets | 15,157 | 4,911 |
| Amortisation of goodwill | 32,209 | 2,577 |
| Provision on properties held for sale | 58,913 | – |
| Interest expenses | 40,471 | 6,023 |
| Loss on disposal of fixed assets | 1,459 | 248 |
| Allowances for bad and doubtful debts | 3,636 | 127 |
| Recognized impairment losses of fixed assets | – | 36 |
| Operating cash flows before movements in working capital | (71,890) | 17,117 |
| Increase in inventories | (1,630) | (14) |
| (Increase) decrease in properties held for sale | (10,444) | 158,922 |
| Increase in accounts receivables | (5,142) | (1,289) |
| (Increase) decrease in other receivables and prepayments | (534,041) | 26,303 |
| Increase in amount due from a former jointly controlled entity | – | (4,366) |
| Increase in accounts payable | 11,440 | 1,343 |
| (Decrease) increase in bills payable | (52,792) | 83,792 |
| Increase (decrease) in other payables, and receipts in advance | 120,077 | (145,405) |
| Increase in deferred income | 15,401 | – |
| Cash (used in) generated from operations | (529,021) | 136,403 |
| PRC Enterprise Income Tax paid | (10,445) | (7,297) |
| Interest paid | (44,032) | (12,311) |
| Net cash (used in) generated from operating activities | <u>(583,498)</u> | <u>116,795</u> |

Consolidated Cash Flow Statement

| | Note | 2004 RMB'000 | 2003 RMB'000 |
|---|------|------------------|-----------------|
| Net cash (used in) generated from operating activities | | (583,498) | 116,795 |
| Cash flows from investing activities | | | |
| Proceeds from disposal of a jointly controlled entity | | 90,251 | – |
| Dividend received from a jointly controlled entity | | 33,437 | – |
| Interest received | | 5,160 | 4,351 |
| Repayment from a construction contractor | | – | 360,000 |
| Deposits paid for acquisition of subsidiaries | | – | (391,100) |
| Refunded of an investment project | | – | 94,380 |
| Acquisition of subsidiaries | 36 | (139,042) | (33,162) |
| Advanced receipt for disposals of subsidiaries and transfer of land deposit | | 120,214 | – |
| Purchase of fixed assets | | (286,819) | (161,720) |
| Proceeds from disposals of fixed assets | | 1,789 | 205 |
| Decrease (increase) in bank deposits with maturity over three months | | 58,720 | (58,720) |
| Other investments | | (4,444) | – |
| Net cash used in investing activities | | (120,734) | (185,766) |
| Cash flows from financing activities | | | |
| New bank loans raised | | 986,930 | 425,000 |
| Repayment of bank loans borrowed | | (751,572) | (120,000) |
| Increase in bank deposits pledged | | (134,327) | (46,072) |
| Capital contributions from minority shareholders of subsidiaries | | 2,000 | 49,000 |
| Net cash generated from financing activities | | 103,031 | 307,928 |
| Net (decrease) increase in cash and cash equivalents | | (601,201) | 238,957 |
| Cash and cash equivalents at the beginning of the year | | 725,265 | 486,308 |
| Cash and cash equivalents at the end of the year | 37 | 124,064 | 725,265 |