

Year ended 31 December 2005

	Notes	2005 HK\$'000	2004 HK\$'000 (restated)
OPERATING ACTIVITIES			
Loss before tax		(96,789)	(80,760)
Adjustments for:			
Foreign exchange gain, net		(2,991)	–
Interest income		(25)	(287)
Finance costs		5,338	4,863
Depreciation		3,428	9,977
Amortisation of land lease premium		185	181
Loss on disposal of property, plant and equipment, net		225	8,030
Gain on disposal of a subsidiary	35(a)	(7,663)	–
Share of losses of associates		–	345
Amortisation of goodwill attributable to associates (Reversal of)/provision for impairment loss on properties under development		– (2,584)	3,532 2,584
Impairment losses on interests in associates		59,420	–
Impairment losses on amounts due from associates		–	3,254
Impairment losses on inventories		51	116
Impairment losses on other receivables		212	2,310
Provision for legal claims		6,188	29,929
Provision for compensations		13,714	–
Operating loss before changes in working capital		(21,291)	(15,926)
Increase in properties under development		(20,315)	(19,452)
(Increase)/decrease in inventories		(45)	59
Increase in other receivables, deposits and prepayments		(741)	(606)
Decrease in trade receivables		11	50
Increase in other payables and accruals		3,791	25,680
Increase in trade payables		22,778	12,146
Decrease in deposits received		(10,219)	(28,102)
Decrease in provisions		(1,960)	(1,698)
CASH USED IN OPERATIONS		(27,991)	(27,849)
Mainland China tax paid		(337)	(7,583)
Hong Kong tax paid		–	(2,537)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(28,328)	(37,969)

Year ended 31 December 2005

	<i>Notes</i>	2005 HK\$'000	2004 HK\$'000 (restated)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(407)	(474)
Interest income		25	287
Proceeds on disposal of property, plant and equipment		762	90
Net cash outflow from disposal of a subsidiary	35(a)	(16)	–
Increase in amounts due from associates		–	(461)
(Increase)/decrease in pledged bank balances		(315)	857
		49	299
NET CASH GENERATED FROM INVESTING ACTIVITIES			
FINANCING ACTIVITIES			
Release of bank loans on disposal of a subsidiary	35(a)	4,686	–
Repayment of bank loans		(11,422)	(3,320)
Proceeds from new loans		27,885	16,500
Increase in amount due to a major shareholder		11,055	13,883
Interest paid		(4,321)	(4,814)
Interest element of finance lease rentals paid		(31)	(49)
Repayment of finance lease payable		(602)	(249)
Increase in amount due to a minority shareholder of a subsidiary		335	–
		27,585	21,951
NET CASH GENERATED FROM FINANCING ACTIVITIES			
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, at beginning of year		1,293	17,012
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		599	1,293

The notes on pages 26 to 76 form an integral part of these financial statements.