

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2005

| | 2005 HK\$'000 | 2004 HK\$'000 |
|---|------------------|------------------|
| Operating activities | | |
| Loss before taxation | (55,859) | (86,040) |
| Adjustments for: | | |
| Decrease in fair value of investment properties | 31,000 | 6,600 |
| Dividend income | (150) | (21) |
| Interest expense | 1,919 | 2,373 |
| Interest income on bank deposits | (1,282) | (137) |
| Amortisation of goodwill | – | 2,914 |
| Depreciation of property, plant and equipment | 1,568 | 1,600 |
| Loss on disposal of an associate | 1,373 | – |
| Loss on disposal of property, plant and equipment | – | 57 |
| Impairment loss recognised in respect of receivables | 3,866 | – |
| Impairment loss recognised in respect of goodwill | 2,126 | – |
| Impairment loss recognised in respect of goodwill arising on acquisition of an associate | – | 8,355 |
| Impairment loss recognised in respect of investments in securities | – | 20,000 |
| Recognition of share-based payments | 2,373 | – |
| Share of results of associates | (1,373) | 28,065 |
| Operating cash outflows before movements in working capital | (14,439) | (16,234) |
| Increase in inventories | (13) | (48) |
| Decrease in trade and other receivables | 7,253 | 13,912 |
| Decrease (increase) in investments held for trading/investments in securities | 5,371 | (7,455) |
| (Decrease) increase in trade and other payables | (29,531) | 31,743 |
| Increase in deferred income | 9,568 | 6,433 |
| Cash (used in) generated from operations | (21,791) | 28,351 |
| Mainland China (the "PRC") Enterprise income tax paid | (524) | (456) |
| Net cash (used in) generated from operating activities | (22,315) | 27,895 |
| Investing activities | | |
| Dividend income | 150 | 21 |
| Interest on bank deposits received | 1,282 | 137 |
| Purchase of property, plant and equipment | (345) | (976) |
| Acquisition of an associate | – | (46,698) |
| Proceeds from disposal of an associate | 46,698 | – |
| Decrease (increase) in pledged bank deposits | 5,243 | (9,112) |
| Increase in pledged deposits in financial institutions | (2,204) | (6,208) |
| Proceeds from disposal of property, plant and equipment | – | 227 |
| Net cash generated from (used in) investing activities | 50,824 | (62,609) |

CONSOLIDATED CASH FLOW STATEMENT (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2005

| | 2005 HK\$'000 | 2004 HK\$'000 |
|---|------------------|------------------|
| Financing activities | | |
| Interest paid | (1,919) | (2,373) |
| Net proceeds from issue of new shares | - | 44 |
| Repayment of bank borrowings | (4,000) | (4,000) |
| Repayment of obligation under finance leases | (249) | (321) |
| Net cash used in financing activities | (6,168) | (6,650) |
| Net increase (decrease) in cash and cash equivalents | 22,341 | (41,364) |
| Cash and cash equivalents at 1 January | 61,416 | 102,780 |
| Cash and cash equivalents at 31 December | 83,757 | 61,416 |
| Analysis of the balances of cash and cash equivalents | | |
| Bank balances and cash | 83,757 | 61,416 |