

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2005

| | 1.1.2005 to 31.12.2005 HK\$'000 | 1.4.2004 to 31.12.2004 HK\$'000 (Restated) |
|--|--|--|
| Cash flows from operating activities | | |
| (Loss) profit before taxation | (50,314) | 89,936 |
| Adjustments for: | | |
| Interest income | (1,882) | (22) |
| Interest expense | 1,407 | 1,787 |
| Increase in provision for a legal claim | 8,698 | 32,792 |
| Gain on disposal of subsidiaries | – | (162,989) |
| Share of results of associates | 1 | 261 |
| Expenses recognised in respect of share options granted | 4,392 | 4,085 |
| Loss on disposal of property, plant and equipment | 1,009 | 2,366 |
| Depreciation of property, plant and equipment | 3,217 | 4,541 |
| Revaluation deficit recognised in respect of investment properties | – | 6,262 |
| Impairment loss recognised in respect of property, plant and equipment | 23,781 | 9,473 |
| Operating cash flows before working capital changes | (9,691) | (11,508) |
| Decrease in inventories | 4,578 | 2,697 |
| Increase in properties under development | (6,888) | (6,663) |
| Increase in trade and other receivables | (12,793) | (3,453) |
| Decrease in bills receivables | 695 | 8,992 |
| Increase in amount due from a minority interest | (22) | – |
| Decrease in trade and other payables | (20,986) | (18,822) |
| Increase in deposit received on sale of properties | 170,279 | 19,156 |
| Decrease in amount due to a minority interest | – | (3,799) |
| Cash flows from (used in) operations | 125,172 | (13,400) |
| Hong Kong Profits Tax paid | (298) | – |
| PRC Enterprise Income Tax paid | (6,398) | (765) |
| Net cash flow from (used in) operating activities | 118,476 | (14,165) |

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For the year ended 31 December 2005

| | 1.1.2005 to 31.12.2005 HK\$'000 | 1.4.2004 to 31.12.2004 HK\$'000 (Restated) |
|---|--|--|
| Cash flows from investing activities | | |
| Purchase and disposal of subsidiaries (net of cash and cash equivalents acquired for/disposed of) | – | 71,830 |
| (Advance to) repayment from amount due from related companies | (262) | 3,980 |
| Proceeds from disposals of property, plant and equipment | 2,551 | 35 |
| Purchases of property, plant and equipment | (7,830) | (20,289) |
| Repayment of amount due from associates | 13,752 | 22,388 |
| Interest received | 2,502 | 265 |
| | <hr/> | <hr/> |
| Net cash from investing activities | 10,713 | 78,209 |
| Cash flows from financing activities | | |
| Bank loan raised | – | 28,290 |
| Repayment of bank loans | (94,300) | (1,178) |
| Repayment of other loans | – | (28,529) |
| Interest paid | (5,583) | (5,300) |
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| Net cash used in financing activities | (99,883) | (6,717) |
| Net increase in cash and cash equivalents | 29,306 | 57,327 |
| Cash and cash equivalent at beginning of year/period | 86,082 | 28,755 |
| Effect of foreign exchange rate changes | (330) | – |
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| Cash and cash equivalents at end of year/period, representing bank balances and cash | 115,058 | 86,082 |
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