

Consolidated Cash Flow Statement

for the year ended 30 June 2006

| | 2006 <i>HK\$'000</i> | 2005 <i>HK\$'000</i> (restated) |
|--------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/(loss) before taxation | 122,905 | (149,768) |
| Interest income | (3,644) | (1,517) |
| Dividend income from listed and unlisted investments | (148) | (67) |
| Finance costs | 3,295 | 152 |
| Amortisation of goodwill | – | 10,694 |
| Amortisation of patent in application | 9,064 | – |
| Amortisation of paper mulberry saplings | 17,833 | – |
| Depreciation on property, plant and equipment | 6,810 | 6,517 |
| Net realised loss on disposal of financial assets at fair value through profit or loss | 450 | – |
| Net loss on re-measurement of financial assets at fair value through profit or loss | 3,611 | 4,951 |
| Surplus on revaluation of leasehold properties, net (Surplus)/deficit on revaluation of investment properties, net | (43) (850) | (252) 3,881 |
| Release of prepaid lease payments | 154 | 125 |
| Gain on changes in fair value less estimated point-of sale costs of biological assets | (11,920) | – |
| Impairment loss on goodwill | – | 61,942 |
| Impairment loss on long term investment | – | 6,667 |
| Share of profits/(losses) of jointly-controlled entities | (1,640) | 30,838 |
| Operating profit/(loss) before working capital changes | 145,877 | (25,837) |
| Decreases in biological assets | 26,665 | – |
| (Increase)/Decrease in inventories | (5,243) | 13,125 |
| (Increase)/Decrease in trade receivables | (166,804) | 5,437 |
| Decrease in prepayments, deposits and other receivables | 17,175 | 626 |
| Increase/(Decrease) in trade payables | 57 | (342) |
| Increase in other payables and accruals | 14,841 | 122 |
| Increase in deferred revenue | 9,616 | – |
| Cash generated from/(used in) operations | 42,184 | (6,869) |
| Hong Kong profits tax refunded | 79 | 147 |
| Overseas taxes paid | – | (8) |
| NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES | 42,263 | (6,730) |

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for the year ended 30 June 2006

| | 2006 <i>HK\$'000</i> | 2005 <i>HK\$'000</i> (restated) |
|------------------------------------------------------------------------------------|-------------------------|---------------------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 3,644 | 1,517 |
| Dividend received from listed and unlisted investments | 148 | 67 |
| Acquisition of financial assets at fair value through profit or loss | – | (8,270) |
| Capital contribution to jointly-controlled entities | (7,936) | – |
| Purchases of fixed assets | (1,000) | (761) |
| Increase in construction in process | (11,240) | – |
| Net cash outflow on business combination - note (43(c)) | (47,092) | – |
| Proceeds from disposal of investment properties | 9,259 | – |
| Proceeds from disposal of financial assets at fair value through profit or loss | 5,087 | – |
| Decrease in pledged bank deposits | 3,772 | 21,930 |
| Net cash (outflow)/inflow from investing activities | <u>(45,358)</u> | <u>14,483</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (77) | (152) |
| Dividends paid | – | (4,919) |
| Other loans advanced by the Group | – | (6,500) |
| Repayment of other loans to the Group | – | 16,570 |
| Advance from minority interests | 32,365 | – |
| Repayment to minority interests | (21,138) | – |
| Repayment of bank loans | – | (2,102) |
| Capital element of finance lease rental payments | (120) | (195) |
| Proceeds from issue of shares | – | 97,800 |
| Proceeds from exercise of share options and warrants | 48,480 | 6,672 |
| Repurchase of shares | (309) | (6,132) |
| Expenses on issue of shares | – | (2,850) |
| Net cash inflow from financing activities | <u>59,201</u> | <u>98,192</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 56,106 | 105,945 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 217,294 | 111,349 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>273,400</u> | <u>217,294</u> |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS AT END OF YEAR | | |
| Bank and cash balances | 273,421 | 217,382 |
| Bank overdrafts, secured | (21) | (88) |
| | <u>273,400</u> | <u>217,294</u> |