

Consolidated Cash Flow Statement

For the year ended 31 December 2006
(Expressed in Hong Kong dollars)

	Note	2006 \$'000	2005 \$'000
Operating activities			
Loss before taxation	11	(480,435)	(825,358)
Adjustments for:			
– Depreciation and amortization		89,992	93,956
– Impairment losses		280,283	698,661
– Gain on disposal of subsidiaries		(63,355)	–
– Interest income		(3,380)	(1,724)
– Finance costs		21,834	18,555
– Foreign exchange (gain)/loss		(726)	3,495
Operating loss before changes in working capital			
		(155,787)	(12,415)
Increase in inventories and consumables		(83,092)	(7,214)
Decrease in trade and other receivables		40,541	78,049
Increase in trade and other payables		245,720	10,703
Decrease in provision for staff welfare		(247)	(984)
Cash generated from operations			
		47,135	68,139
PRC enterprise income tax paid		(1,985)	–
Net cash generated from operating activities			
		45,150	68,139
Investing activities			
Acquisition of subsidiaries, net of cash acquired	30(a)	69,725	–
Disposal of subsidiary, net of cash disposed of	30(b)	(108,997)	–
Interest received		3,380	1,724
Increase in prepayment for planned maintenance		6,485	(6,485)
Purchase of fixed assets		(1,600)	(338)
Payment for construction in progress		(21)	–
Net cash used in investing activities			
		(31,028)	(5,099)

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For the year ended 31 December 2006
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	Note	2006 \$'000	2005 \$'000
Financing activities			
Interest paid		(16,234)	(25,776)
Dividends paid to former shareholders of subsidiaries		(29,452)	–
Dividends paid to minority shareholder		(5,416)	(3,182)
Proceeds from new bank loans		27,076	47,393
Repayment of bank loans		(32,517)	(47,393)
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Net cash used in financing activities		(56,543)	(28,958)
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Net (decrease)/increase in cash and cash equivalents		(42,421)	34,082
Cash and cash equivalents at 1 January		132,340	98,258
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Cash and cash equivalents at 31 December	21	89,919	132,340

MAJOR NON-CASH TRANSACTIONS

On 28 December 2006, the consideration for the disposal of Hensil Worldwide Inc. (“HWI, together with its subsidiaries are referred to as the “HWI Group”) of \$288 million was satisfied by way of offsetting with the outstanding principal amount of the convertible notes of \$282.4 million issued by the Company to Foshan Development Company Limited (“FDC”) on 9 October 2006 together with accrued interest and early redemption costs of \$5.6 million arising thereon (please refer to note 30).

The notes on pages 41 to 100 form part of these accounts.