

## Consolidated Cash Flow Statement

For the Year Ended 31st December, 2002

|   | Year ended<br>31.12.2002<br>HK\$ | Nine months<br>ended<br>31.12.2001<br>HK\$ |
|---|----------------------------------|--|
| <b>OPERATING ACTIVITIES</b>                                 |                                  |  |
| Profit (loss) from operations                               | 22,111,292                       | (4,200,770)                                |
| Adjustments for:  |                                  |  |
| Unrealised holding loss (gain) on trading securities        | 1,423,693                        | (605,967)                                  |
| Impairment loss on other securities                         | 782,600                          | 138,000                                    |
| Decrease on revaluation of investment properties            | 26,900,000                       | 10,269,816                                 |
| Depreciation of property, plant and equipment               | 2,280,472                        | 2,417,100                                  |
| Interest income   | (4,178,646)                      | (3,764,510)                                |
| Dividend income   | (744,457)                        | (2,355,038)                                |
| Gain on disposal of property, plant and equipment           | –                                | (177,801)                                  |
| Operating cash flows before movements in working capital    | 48,574,954                       | 1,720,830                                  |
| (Increase) decrease in inventories                          | (76,207)                         | 67,132                                     |
| Decrease (increase) in properties for sale                  | 70,652,730                       | (70,652,730)                               |
| (Increase) decrease in investments in trading securities    | (3,526,374)                      | 87,164,850                                 |
| Increase in trade and other receivables                     | (12,468)                         | (170,050)                                  |
| Decrease (increase) in deposits and prepayments             | 441,046                          | (484,797)                                  |
| Increase in trade balances due from shareholders            | (265,298)                        | (148,260)                                  |
| Increase in trade balance due from an associate             | (7,314)                          | –  |
| Increase in trade and other payables                        | 8,541,222                        | 937,277                                    |
| Increase (decrease) in rental and other deposits received   | 215,295                          | (133,457)                                  |
| Decrease in trade balance due to an associate               | (137,495)                        | (25,588)                                   |
| Cash generated from operations                              | 124,400,091                      | 18,275,207                                 |
| Hong Kong Profits Tax paid                                  | (879,989)                        | –  |
| Interest received   | 4,178,646                        | 3,764,510                                  |
| Dividend received   | 744,457                          | 2,355,038                                  |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                   | <b>128,443,205</b>               | <b>24,394,755</b>                          |
| <b>INVESTING ACTIVITIES</b>                                 |                                  |  |
| Additions to property, plant and equipment                  | (12,601,330)                     | (13,850,434)                               |
| Expenditure on properties under development                 | (15,602,068)                     | (7,574,580)                                |
| Repayment from (advances to) associates                     | 6,300,000                        | (75,000)                                   |
| Decrease (increase) in pledged bank deposits                | 2,757,055                        | (839,680)                                  |
| Purchase of investments in other securities                 | –                                | (366,996)                                  |
| Net proceeds from disposal of property, plant and equipment | –                                | 180,000                                    |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                | <b>(19,146,343)</b>              | <b>(22,526,690)</b>                        |

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|  | Year ended<br>31.12.2002<br><i>HK\$</i> | Nine months<br>ended<br>31.12.2001<br><i>HK\$</i> |
|--|---|---|
| <b>FINANCING ACTIVITIES</b>                                      |   |   |
| Repayment of bank loans  | (112,000,000)                           | –   |
| (Repayment to) advance from a related party                      | (23,157,510)                            | 494,613   |
| Repayment to a shareholder                                       | (22,990,522)                            | (89,321,038)                                      |
| Finance costs paid   | (11,884,340)                            | (10,660,444)                                      |
| New bank loans raised  | 65,490,566                              | 2,573,737   |
| Net proceeds from issue of convertible bonds                     | –                                       | 95,305,864  |
| Share issue expenses   | –                                       | (6,503)   |
|  | <u>(104,541,806)</u>                    | <u>(1,613,771)</u>                                |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                     |   |   |
|  | <b>4,755,056</b>                        | 254,294   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                 |   |   |
|  | <b>4,063,455</b>                        | 3,809,161   |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD</b> |   |   |
|  | <b>8,818,511</b>                        | 4,063,455   |
| <b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>     |   |   |
| Cash and cash equivalents as previously reported                 | –                                       | (61,319,365)                                      |
| Reclassifications  |   |   |
| Pledged bank deposits  | –                                       | (5,617,180)                                       |
| Bank loans within three months of maturity                       | –                                       | 71,000,000  |
|  | <u>–</u>                                | <u>4,063,455</u>                                  |
| Cash and cash equivalents as restated                            | <u>–</u>                                | <u>4,063,455</u>                                  |
| Being:   |   |   |
| Bank balances and cash   | 8,818,511                               | 5,036,471   |
| Bank overdrafts  | –                                       | (973,016)   |
|  | <u>8,818,511</u>                        | <u>4,063,455</u>                                  |