

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2004

(Expressed in Hong Kong dollars)

Note	2004 \$'000	2003 \$'000
Operating activities		
Profit/(loss) from ordinary activities before taxation	14,192	(1,576)
Adjustments for:		
Interest income	(3,308)	(3,833)
Dividend income from trading securities	–	(752)
Guaranteed investment return	–	(426)
Interest expense	1,909	324
Depreciation	9,316	6,483
Share of losses of associates	8,543	–
Share of profits less losses of jointly controlled entities	–	(1,528)
Amortisation of intangible assets	657	448
Loss on disposal of fixed assets	144	3
Deemed loss on partial disposal of subsidiaries	3,311	–
Excess in the interest in fair value of the net identifiable assets acquired over the cost of acquisition	(11,886)	–
Provision for loans receivable	–	283
Surplus on property revaluation	(2,350)	(154)
Profit on disposal of trading securities	–	(7,635)
Provision for alleged claims in relation to a software copyright dispute	1,000	–
Professional fees written off in respect of rights issue and major transaction	–	6,509
Operating profit/(loss) before changes in working capital	21,528	(1,854)
Increase in inventories	(3,757)	(919)
Increase in accounts receivable	(69,167)	(13,546)
Decrease/(increase) in bills receivable	75	(94)
(Increase)/decrease in retentions receivable from customers	(143)	15,456
(Increase)/decrease in gross amount due from customers for contract work	(3,011)	1,018
(Increase)/decrease in prepayments, deposits and other receivables	(7,350)	2,477
Increase in accounts payable	27,400	13,556
Increase in bills payable	330	2,803
Increase/(decrease) in gross amount due to customers for contract work	2,444	(1,933)
Increase/(decrease) in receipts in advance	33	(129)
Decrease in other payables and accrued liabilities	(2,224)	(7,201)
Cash (used in)/generated from operations	(33,842)	9,634
Tax paid		
Hong Kong Profits Tax paid	(37)	–
PRC income tax paid	(1,106)	(2,282)
Net cash (used in)/generated from operating activities	(34,985)	7,352

Consolidated Cash Flow Statement

For the year ended 31 December 2004

(Expressed in Hong Kong dollars)

	Note	2004 \$'000	2003 \$'000
Investing activities			
Acquisitions of subsidiaries in 2003, net of cash acquired	30	(1,054)	(1,469)
Acquisition of a subsidiary in 2004, net of cash acquired	30	(11,390)	-
Payment on behalf of a minority shareholder of a subsidiary on an acquisition		(1,030)	-
Proceeds on disposal of subsidiaries, net of cash disposed of		-	29,227
Capital injection to an associate		(1,178)	-
Capital injection to a jointly controlled entity		-	(9,460)
Payments for purchases of fixed assets		(9,363)	(7,841)
Payments for construction in progress		(9,361)	(1,969)
Proceeds from sales of fixed assets		100	2
Payments for purchases of intangible assets		(942)	-
Proceeds on disposal of trading securities		-	26,803
Payments of investment funds		(14,150)	(19,336)
Repayments of investment funds		-	16,956
Repayments of loans receivable		44,613	46,665
Advances of loans		(28,852)	(50,596)
Capital injection from minority shareholder to a subsidiary		2,235	786
Interest received		3,308	3,806
Dividend received from trading securities		-	752
Guaranteed investment return		-	426
Professional fees written off in respect of rights issue and major transaction		-	(3,861)
Net cash (used in)/generated from investing activities		(27,064)	30,891
Financing activities			
Proceeds from share issuance		30,800	-
Share issuance expenses paid		(854)	-
Repayments of bank loans		(21,125)	(4,710)
Proceeds from new bank loans		62,013	3,768
Proceeds from other loans		1,250	-
Dividends paid to minority shareholders		(2,196)	(4,484)
Interest paid		(1,909)	(324)
Net cash generated from/(used in) financing activities		67,979	(5,750)
Net increase in cash and cash equivalents		5,930	32,493
Effect of foreign exchange rates changes		(6)	7
Cash and cash equivalents at 1 January		48,466	15,966
Cash and cash equivalents at 31 December	22	54,390	48,466

The notes on 29 to 71 form part of these financial statements.