

Consolidated Cash Flow Statement

For the year ended 31 December 2005

	2005 HK\$'000	2004 HK\$'000 (restated)
Operating activities		
(Loss)/profit for the year	(76,286)	11,485
Adjustments for:		
Income tax expenses	1,727	2,780
Net valuation gain on investment property	(2,050)	(2,350)
Depreciation	8,779	9,201
Impairment loss on intangible assets	3,423	—
Impairment loss on associates	3,321	—
Loss on disposal of subsidiaries	14,154	—
Gain on partial disposal of subsidiaries	(3,037)	—
Impairment loss on trade and other receivables	35,472	—
Amortisation of land lease premium	5	5
Amortisation of intangible assets	938	657
Interest income	(3,520)	(3,308)
Interest expense	3,433	1,909
Shares of losses of associates	12,895	8,543
Loss on disposal of fixed assets	635	144
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)
Write off of inventories	1,903	—
Provision for alleged claims in relation to a software copyright dispute	—	1,000
Operating profit before changes in working capital	1,792	21,491
Increase in inventories	(6,506)	(3,757)
Increase in accounts receivable	(14,963)	(69,167)
Decrease in bills receivable	19	75
Decrease/(increase) in retentions receivable from customers	1,369	(143)
Decrease/(increase) in gross amount due from customers for contract work	2,134	(3,011)
Increase in prepayments, deposits and other receivables	(21,522)	(7,350)
Increase in accounts payable	21,275	27,400
Increase in bills payable	3,712	330
(Decrease)/increase in gross amount due to customers for contract work	(701)	2,444
Increase in amount due to a director	5,684	—
Increase in receipts in advance	699	33
Decrease in other payables and accrued liabilities	(7,793)	(2,224)
Cash used in operations	(14,801)	(33,879)
Tax paid		
Hong Kong profits tax paid	(964)	(37)
PRC income tax paid	(863)	(1,106)
Net cash used in operating activities	(16,628)	(35,022)

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For the year ended 31 December 2005

	Note	2005 HK\$'000	2004 HK\$'000 (restated)
Investing activities			
Acquisitions of subsidiaries in prior years, net of cash acquired		–	(12,444)
Increase in interests in a subsidiary		(7,628)	(1,030)
Proceeds on disposal of subsidiaries, net of cash disposed	32(a)	28,053	–
Capital injection to an associate		(48,075)	(1,178)
Increase in amounts due from associated companies		(33,980)	–
Payments for purchases of fixed assets		(7,431)	(9,363)
Payments for construction in progress		(5,849)	(9,361)
Proceeds from sales of fixed assets		86	100
Payments for purchases of intangible assets		(4,673)	(942)
Payments of deposits and prepayments for investments		(107,836)	(14,150)
Repayment of loans receivable		11,869	44,613
Advances of loans		–	(28,852)
Capital injection from minority shareholder to a subsidiary		1,414	2,235
Proceeds from partial disposal of interests in subsidiaries		110	–
Interest received		3,520	3,308
Net cash used in investing activities		(170,420)	(27,064)
Financing activities			
Proceeds from issue of warrants		1,735	–
Proceeds from share issuance		–	30,800
Share issuance expenses paid		–	(854)
Repayments of bank loans		(36,984)	(21,125)
Proceeds from new bank loans		33,599	62,013
(Repayment of)/proceeds from other loans		(90)	1,250
Decrease in deposits with bank		126,228	–
Dividends paid to minority shareholders		(1,507)	(2,196)
Interest paid		(3,433)	(1,909)
Net cash generated from financing activities		119,548	67,979
Net (decrease)/increase in cash and cash equivalents		(67,500)	5,893
Effect of foreign exchange rates changes		5,492	31
Cash and cash equivalents at 1 January		54,390	48,466
Cash and cash equivalents at 31 December	24	(7,618)	54,390

The notes on pages 33 to 86 form an integral part of these financial statements.