

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2005

	Notes	2005 HK\$'000	2004 HK\$'000
Cash flow from operating activities			
Loss from operating activities		(91,130)	(74,503)
Adjustments for :			
Depreciation		6,380	6,775
Amortisation of prepaid lease payments		107	105
Bad debts written off		48,022	207
Property, plant and equipment written off		–	994
Impairment loss of goodwill		35,750	35,750
Provision for compensation expenses		–	4,656
Provision for salary provision written back		(62)	(1,333)
Provision for slow-moving and net realisable value of inventories		–	829
Write back of loans receivable		–	(900)
Write back of other payable		(2,230)	–
Impairment on trade receivable		–	5,327
Realised loss on short term investment		–	88
Gain on disposal of subsidiaries	36(a)	(10,634)	(1,222)
Gain on deemed disposal of a subsidiary	36(b)	(2,067)	–
Loss/(Gain) on disposals of fixed assets, net		22	(4,713)
Write off of amount due from an former-minority shareholder		–	4,350
Interest income		(87)	–
Interest expenses		1,686	–
Operating loss before working capital changes		(14,243)	(23,590)
(Increase)/Decrease in inventories		(4,136)	1,193
Increase in trade and bills receivables		(2,058)	(812)
(Increase)/Decrease in prepayments, deposits and other receivables		(8,128)	33
Decrease in amounts due from an former-director and related parties		–	211
Decrease in trade payables		(562)	(6,103)
(Decrease)/Increase in other payables and accruals		(1,767)	1,126
Cash used in operations		(30,894)	(27,942)
Interest paid		(1,686)	(3,290)
Hong Kong profits tax paid		(74)	–
Net cash used in operating activities		(32,654)	(31,232)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2005

	Notes	2005 HK\$'000	2004 HK\$'000
Cash flow from investing activities			
Deposits paid		(4,075)	–
Purchases of property, plant and equipment		(1,003)	(1,921)
Proceeds from disposals of property, plant and equipment		153	30,018
Proceeds from disposals of short term investment		–	209
Disposal of subsidiaries (net of cash and cash equivalents)	36(a)	(44)	966
Deemed disposal of subsidiaries (net of cash and cash equivalents)	36(b)	(4)	–
Acquisition of a subsidiary (net of cash and cash equivalents)	36(c)	–	1,360
Interest received		87	–
Net cash (used in)/generated from investing activities		(4,886)	30,632
Cash flow from financing activities			
Addition of new other loans		18,010	33,310
Addition of new finance lease		380	150
Proceeds from issue of convertible note		33,000	–
Proceeds from issuance of share capital		46,843	–
Decrease in trust receipt loans		101	–
Repayment of bank loans		(3,900)	(30,244)
Repayment of other loans		(48,097)	(3,222)
Capital element of finance lease payments		(139)	(228)
Repayment of loans from third parties		–	2,101
Increase in pledged time deposits		(1,031)	(1,000)
Increase/(Decrease) in amounts due to minority shareholders		1,923	(342)
Net cash generated from financing activities		47,090	525
Net increase/(decrease) in cash and cash equivalents		9,550	(75)
Cash and cash equivalents at 1 January		(2,653)	(2,578)
Effect on foreign exchange rate changes		34	–
Cash and cash equivalents at 31 December		6,931	(2,653)
Analysis of balances of cash and cash equivalents			
Cash and cash equivalents at 31 December		7,069	1,340
Bank overdraft, secured		(138)	(3,993)
		6,931	(2,653)