

Consolidated Cash Flow Statement

For the year ended 31 December 2005

	Notes	2005 HK\$'000	2004 HK\$'000 (restated)
Operating activities			
Loss before taxation		(76,591)	(85,413)
Adjustments for:			
Interest income		(1,738)	(73)
Interest expenses		5,806	3,038
(Surplus) Deficit on revaluation of buildings		(6,803)	144
Increase in fair value of investment property		(454)	–
Advertising and telecommunication services expense	37	908	9,427
Write-down of inventories		11,366	19,041
Impairment loss recognised in respect of amounts due from account receivables		845	1,224
Impairment loss recognised in respect of amounts due from other receivables		1,488	5,046
Depreciation of property, plant and equipment		25,125	26,203
Amortisation of prepaid lease payments		102	102
Impairment loss recognised in respect of goodwill		1,100	1,863
Impairment loss recognised in respect of property, plant and equipment		4,472	2,060
Loss on disposal of property, plant and equipment		1,947	4,646
Operating cash flows before movements in working capital		(32,427)	(12,692)
(Increase) Decrease in rental and utility deposits		(1,695)	5,141
Decrease (Increase) in inventories		687	(13,664)
Decrease in account receivables		4	4,550
(Increase) Decrease in prepayments, deposits and other receivables		(36,031)	3,625
Increase in listed investments in securities		–	(6,518)
Decrease in listed investments held for trading		14,977	–
Decrease in amounts due from fellow subsidiaries		6,920	6,753
Decrease in account payables		(17,947)	(10,793)
Increase (Decrease) in accrued liabilities and other payables		15,244	(2,399)
Increase in amounts due to related companies		1,015	–
Cash used in operations		(49,253)	(25,997)
Hong Kong Profits Tax paid		–	(61)
Net cash used in operating activities		(49,253)	(26,058)

Consolidated Cash Flow Statement

For the year ended 31 December 2005

	Notes	2005 HK\$'000	2004 HK\$'000 (restated)
Investing activities			
Interest received		1,738	73
Proceeds from disposal of property, plant and equipment		-	129
Increase in pledged bank deposits		(2,898)	(16,002)
Purchases of property, plant and equipment		(22,155)	(20,026)
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	32	(166,979)	(10,152)
Net cash used in investing activities		(190,294)	(45,978)
Financing activities			
Decrease in bank overdrafts		(23)	(1,675)
Decrease in trust receipt loans		(11,025)	(3,782)
New bank loans raised		-	22,000
Proceeds on issue of a convertible loan note		108,000	-
Interest paid		(3,641)	(3,038)
Repayments of obligations under finance leases		(30)	(350)
Proceeds on issue of shares		96,408	51,730
Repayment of bank loans		(5,215)	(26,363)
Share issue expenses		(1,514)	(1,149)
Net cash from financing activities		182,960	37,373
Net decrease in cash and cash equivalents		(56,587)	(34,663)
Cash and cash equivalents at beginning of year		163,232	197,895
Cash and cash equivalents at end of year		106,645	163,232