

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 July 2005

Notes	2005 HK\$'000	2004 (As restated) HK\$'000
<b>Cash flows from operating activities</b>		
Loss before taxation	(129,323)	(215,212)
Adjustments for:		
Finance costs	2,850	3,444
Share of losses of associates of jointly controlled entities	2,321	3,198
Impairment loss of intangible asset	6 5,000	–
Impairment of interest in an associate	6 442	–
Impairment of property, plant and equipment	6 4,145	628
Reversal of impairment of property, plant and equipment	5 (287)	–
Impairment losses of investment securities	6 118,223	155,320
Bad and doubtful debts	6 17,921	1,041
Provision for obsolete and slow moving inventories	6 1,000	–
Interest income	5 (565)	(312)
Depreciation of property, plant and equipment	6 8,056	8,028
Amortisation of goodwill	6 –	1,984
Impairment of goodwill	6 1,694	12,388
Loss/(gain) on disposal of property, plant and equipment	6 5,962	(338)
Gain on disposal of investment securities	5 (575)	(2,825)
Gain on partial disposal of a subsidiary	5 (5,000)	–
Changes in fair values of short term listed investments	6 9,297	2,850
Unrealised gain on changes in fair values of investment securities	5 (2,369)	–
Other assets written off	–	516
<b>Operating profit/(loss) before changes in working capital</b>	38,792	(29,290)
(Increase)/decrease in short term investments	(9,894)	68,850
Decrease in inventories	1,045	8,923
(Increase)/decrease in deposits, trade and other receivables	(96,992)	20,472
(Decrease)/increase in trade and other payables	(18,617)	15,940
<b>Cash (used in)/generated from operations</b>	(85,666)	84,895
Taxation (paid)/refunded	(1,253)	327
<b>Net cash (used in)/generated from operating activities</b>	(86,919)	85,222

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 July 2005

	Notes	2005 HK\$'000	2004 (As restated) HK\$'000
<b>Cash flows from investing activities</b>			
Interest received		565	312
Purchases of property, plant and equipment		(16,471)	(51,778)
Proceeds from disposal of property, plant and equipment		5,159	900
Net cash outflow on acquisition of a subsidiary	32(b)	(6,000)	–
Acquisition of investment securities		–	(185,000)
Proceeds from partial disposal of a subsidiary	32(a)	5,000	–
Acquisition of interest in an associate		(96)	(5,089)
Increase in amount due from an associate		–	(211)
Proceeds from disposal of investment securities		1,975	10,536
Increase in amounts due from shareholders of jointly controlled entities		(174)	(509)
Decrease in loan receivables		–	16,094
<b>Net cash used in investing activities</b>		<b>(10,042)</b>	<b>(214,745)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(2,850)	(3,444)
Cash inflow from shareholders of jointly controlled entities		1,584	–
New borrowings raised		2,415	12,108
Repayment of borrowings		(4,850)	(9,424)
Redemption of convertible notes		(32,000)	–
Proceeds from rights issue		51,209	–
Proceeds from exercise of share options		18,000	13,361
Proceeds from placing and issue of shares		25,000	19,500
Proceeds from issue of convertible notes		40,516	20,000
<b>Net cash generated from financing activities</b>		<b>99,024</b>	<b>52,101</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,063</b>	<b>(77,422)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>33,117</b>	<b>110,415</b>
<b>Effect of foreign exchange rate changes</b>		<b>541</b>	<b>124</b>
<b>Cash and cash equivalents at end of the year</b>		<b>35,721</b>	<b>33,117</b>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		35,819	33,117
Bank overdraft		(98)	–
		<b>35,721</b>	<b>33,117</b>