

Consolidated Cash Flow Statement

For the year ended 30th June 2006

	Note	2006 HK\$'000	2005 HK\$'000
Operating activities			
Loss for the year		(83,193)	(71,410)
Adjustments for:			
Share of loss of a jointly controlled entity		450	79
Interest income		(1,272)	(137)
Dividend income		(9)	–
Interest expenses		121	1,582
Depreciation		1,492	1,453
Bad debts written off		497	697
Share-based payment expense		5,989	1,184
Gain attributable to financial assets at fair value through profit or loss		(3,149)	(15)
Loss on disposal of property, plant and equipment		38	140
Gain on redemption of convertible note		(944)	–
Impairment loss recognised in respect of intangible asset		37,128	38,284
<hr/>			
Operating cashflows before movements in working capital		(42,852)	(28,143)
Decrease in debtors, deposits and prepayments		119	1,700
Increase/(decrease) in other creditors and accrued charges		1,021	(1,633)
<hr/>			
Net cash used in operating activities		(41,712)	(28,076)
<hr/>			
Investing activities			
Proceeds from disposal of financial asset at fair value through profit or loss		61,850	–
Purchase of financial asset at fair value through profit or loss		(61,466)	–
Acquisition of subsidiaries	(28)	(56,000)	–
Increase in deposits paid for acquisition of properties		(9,340)	–
Purchase of available-for-sale investments		(7,756)	–
Increase in pledged bank deposits		(5,263)	–
Purchase of property, plant and equipment		(2,165)	(907)
Interest received		1,272	126
Advance to a jointly controlled entity		(476)	(224)
Proceeds from disposal of property, plant and equipment		35	–
Dividend received		9	–
Purchase of interest in a jointly controlled entity		–	(945)
<hr/>			
Net cash used in investing activities		(79,300)	(1,950)

Consolidated Cash Flow Statement

For the year ended 30th June 2006

	2006 HK\$'000	2005 HK\$'000
Financing activities		
Proceeds from issue of shares by placement	127,200	22,400
Redemption of convertible note	(15,900)	–
Payment on repurchase of shares	(2,991)	–
Proceeds from issue of shares on exercise of share options	2,593	6,595
New bank borrowings raised	1,943	–
Interest paid	(113)	(318)
Net cash from financing activities	112,732	28,677
Decrease in cash and cash equivalents	(8,280)	(1,349)
Cash and cash equivalents at beginning of the year	11,229	12,636
Effect of changes in exchange rate	34	(58)
Cash and cash equivalents at end of the year, representing by bank balances and cash	2,983	11,229