

Consolidated Cash Flow Statement

For the year ended 31 December 2006

	Notes	2006 HK\$'000	2005 HK\$'000
Operating activities			
Loss for the year		(95,418)	(76,591)
Adjustments for:			
Income tax expenses		16,514	—
Interest income		(7,127)	(1,738)
Interest expenses		20,131	5,806
Gain on disposal of the Retail Group		(61,695)	—
Release of attributable reserves on disposal of the Retail Group		24,974	—
Surplus on revaluation of buildings		—	(6,803)
Increase in fair value of investment property		—	(454)
Advertising and telecommunication services expenses	35	—	908
Write-down of inventories		566	11,366
Impairment loss in respect of account receivables		5,087	845
Impairment loss in respect of other receivables		—	1,488
Depreciation of property, plant and equipment		33,682	25,125
Amortization of prepaid lease payments		51	102
Impairment loss in respect of goodwill		144,881	1,100
Impairment loss (written back)/recognized in respect of property, plant and equipment		(344)	4,472
(Gain)/Loss on disposal of property, plant and equipment		(25,845)	1,947
Operating cash flows before movements in working capital		55,457	(32,427)
Movements in working capital:			
Prepaid rental		38,462	—
Deposits paid for acquisition of leasehold improvements		23,702	—
Rental and utility deposits		(2,020)	(1,695)
Inventories		(11,369)	687
Account receivables		(84,488)	4
Prepayments, deposits and other receivables		(133,181)	(36,031)
Listed investments held for trading		1,973	14,977
Amounts due from fellow subsidiaries		63,003	6,920
Account payables		(34,835)	(17,947)
Accrued liabilities and other payables		6,825	16,259
Amount due to a director		1,237	—
Cash used in operations		(75,234)	(49,253)
PRC Enterprise Income Tax paid		(5,778)	—
Net cash used in operating activities		(81,012)	(49,253)

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For the year ended 31 December 2006

	Notes	2006 HK\$'000	2005 HK\$'000
Investing activities			
Interest received		1,259	1,738
Proceeds from disposal of property, plant and equipment		96,106	—
Increase in pledged bank deposits		(5,500)	(2,898)
Purchases of property, plant and equipment		(20,780)	(22,155)
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	33	(75,000)	(166,979)
Disposal of the Retail Group (net of cash and cash equivalents disposed)	34	(20,355)	—
Net cash used in investing activities		(24,270)	(190,294)
Financing activities			
Decrease in bank overdrafts		—	(23)
Decrease in trust receipt loans		—	(11,025)
Proceeds on issue of a convertible loan note		—	108,000
Interest paid		(4,158)	(3,641)
Repayment of obligations under finance leases		—	(30)
Proceeds on issue of shares		—	96,408
Repayment of bank loans		(2,128)	(5,215)
Share issue expenses		—	(1,514)
Net cash (used in)/generated by financing activities		(6,286)	182,960
Net decrease in cash and cash equivalents		(111,568)	(56,587)
Cash and cash equivalents at the beginning of the year		106,645	163,232
Effects of exchange rate changes		6,594	—
Cash and cash equivalents at the end of the year		1,671	106,645