

Consolidated Cash Flow Statement

For the Year Ended 31 December 2006

	Notes	2006 HK\$'000	2005 HK\$'000
OPERATING ACTIVITIES			
Loss before tax		(95,406)	(42,541)
Adjustments for:			
Depreciation of property, plant and equipment		4,758	8,562
Allowance for bad and doubtful debts		14,870	7,903
Loss on disposal of property, plant and equipment		74	6,560
Allowance for inventories		11,601	–
Written off of inventories		35,277	4,810
Impairment loss on intangible assets		2,160	–
Share-based payment expense		7,635	826
Amortisation of intangible assets		–	720
Finance costs		494	262
Loss on disposal of investments held for trading		1,200	200
Share of result of an associate		(338)	–
Gain on disposal of assets held for sale		(1,013)	–
Release of negative goodwill		–	(48)
Gain on disposal of a subsidiary		(148)	–
Interest income		(115)	(9)
Operating cash flows before movements in working capital		(18,951)	(12,755)
Decrease in inventories		(23,382)	(3,044)
Decrease (increase) in trade and other receivables		1,363	(8,813)
Increase in trade and other payables		7,125	2,969
Increase in amounts due to related parties		5,274	–
Increase in amounts due to directors		2,834	–
Cash used in operations		(25,737)	(21,643)
Income taxes paid		(455)	–
NET CASH USED IN OPERATING ACTIVITIES		(26,192)	(21,643)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,853)	(4,621)
Acquisition of investments held for trading		(7,414)	(3,514)
Proceeds from disposal of investments held for trading		6,214	3,314
Proceeds from disposals of property, plant and equipment		182	460
Interest received		115	9
Proceeds from disposal of assets held for sale		2,094	–
Increase in pledged bank deposits		(2,061)	–
Cost paid directly attributable to the acquisition of equity interest in an associate		(139)	–
Bank balances and cash acquired on acquisition of subsidiaries	30	2,583	(1,990)
Disposal of a subsidiary	31	12	–
NET CASH USED IN INVESTING ACTIVITIES		(1,267)	(6,342)

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For the Year Ended 31 December 2006

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares	27,500	23,950
Proceeds from borrowings	6,442	1,063
Repayment of borrowings	(3,898)	–
Payment for share issue expenses	(777)	(405)
Interest paid	(494)	(262)
Repayment of obligations under finance leases	(388)	(85)
NET CASH FROM FINANCING ACTIVITIES	28,385	24,261
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	926	(3,724)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	4,491	5,451
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(372)	2,764
CASH AND CASH EQUIVALENTS AT 31 DECEMBER represented by bank balances and cash	5,045	4,491