

## Consolidated Cash Flow Statement

For the year ended 31 December 2006

	2006 HK\$'000	2005 HK\$'000
<b>OPERATING ACTIVITIES</b>		
Loss for the year	(16,178)	(320,627)
Adjustments for:		
Finance costs	10,132	7,007
Share-based payment expenses	5,937	25,456
Depreciation of property, plant and equipment	4,705	2,840
Allowance for finance lease receivables	4,649	–
Research and development costs	2,422	2,324
Allowance for bad and doubtful debts	1,660	521
Write-down of inventories	1,077	2,645
Income tax expense	1,103	2,372
Amortisation of intangible asset	428	545
Amortisation of prepaid lease payments	80	134
Impairment loss on goodwill arising from acquisition of a subsidiary	–	191,457
Write-down of production work in progress	–	24,712
Impairment loss of property, plant and equipment	–	2,350
(Profit) loss on disposal of (partial) interests in subsidiaries	(24,711)	12,345
Increase in fair value of investment properties	(8,500)	(14,767)
Interest income	(2,252)	(976)
(Increase) decrease in changes in fair value and gain on disposal of investments held for trading	(3,308)	2,180
Profit on disposal of partial interest in a subsidiary (net of expense)	(1,795)	–
Gain on disposal of property, plant and equipment	(453)	(36)
Increase in fair value of prepaid lease payments	(146)	–
Dividend income from an associate held for sale	(5,490)	(1,800)
Dividend income from equity investments	–	(162)
Share of result of a jointly controlled entity	(1,531)	(428)
Share of result of an associate	1,073	248
	<b>(31,098)</b>	<b>(61,660)</b>
Operating cash flows before movements in working capital		
Acquisition of prepaid lease payments	–	(4,818)
Increase in inventories	(4,056)	(5,234)
(Increase) decrease in production work in progress	(3,611)	1,787
Increase in finance lease receivables	(772,164)	(67,708)
Increase in trade receivables	(4,643)	(86)
Increase in amounts due from customers for contract work	(808)	–
Decrease in prepayments, deposits and other receivables	9,364	23,702
Decrease in investments held for trading	1,140	4,818
(Decrease) increase in trade payables	(580)	993
Increase in amounts due to customers for contract work	1,850	–
Decrease in other payables and accruals	(13,076)	(49,349)
Increase in income received in advance	13,758	2,504
Increase (decrease) in rental and management fee deposits received	164	(600)
Increase in security deposits received	29,138	1,948
	<b>(774,622)</b>	<b>(153,703)</b>
Cash used in operations		
Hong Kong Profits Tax paid	(168)	(143)
Tax refunded	79	69
Interest paid	(9,717)	(1,746)
Bank facility arrangement fee paid	–	(528)
	<b>(784,428)</b>	<b>(156,051)</b>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>		



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For the year ended 31 December 2006

Notes	2006 HK\$'000	2005 HK\$'000
<b>INVESTING ACTIVITIES</b>		
Advance to an associate	(42,000)	–
Proceeds from disposal of partial interest in a subsidiary	–	12,760
Increase in capital contribution in an associate	(10,000)	–
Disposal of interest in a subsidiary	13 (19,016)	–
Purchases of property, plant and equipment	(3,999)	(14,667)
Expenditure on product development	(2,422)	(2,324)
Acquisition of subsidiaries	45 (1,395)	8,778
Proceeds from disposal of an associate held for sale	28,816	–
Repayment from an associate	16,890	–
Decrease in pledged bank deposits	15,441	49,045
Dividend received from an associate held for sale	5,490	7,204
Dividend received from a jointly controlled entity	3,898	2,375
Interest received	2,252	976
Proceeds from disposal of partial interest in a subsidiary (net of expense)	1,767	(63)
Proceeds from disposal of property, plant and equipment	453	434
Proceeds from disposal of held-to-maturity investment	–	9,369
Proceeds from disposal of other non-current asset	–	410
Dividends received from equity investments	–	162
Acquisition of an associate held for sale	–	(28,816)
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES</b>	<b>(3,825)</b>	<b>45,643</b>
<b>FINANCING ACTIVITIES</b>		
New borrowings raised	877,524	21,196
Advance from a fellow subsidiary	15,740	24,260
Capital contribution from minority shareholders	499	3,599
Repayment of borrowings	(83,567)	(65,800)
Repayment of obligations under finance leases	(3,078)	(5,517)
(Repayment to) advance from shareholders	(1,642)	26,062
(Repayment to) advance from a related party	(362)	3,038
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>805,114</b>	<b>6,838</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>16,861</b>	<b>(103,570)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>17,591</b>	<b>119,683</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>253</b>	<b>1,478</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>34,705</b>	<b>17,591</b>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Bank balances and cash	34,705	19,841
Bank overdrafts	–	(2,250)
	<b>34,705</b>	<b>17,591</b>