

Consolidated Cash Flow Statement

For the year ended 31 December 2006

	Notes	2006 HK\$'000	2005 HK\$'000
Cash flows from operating activities			
Loss before income tax		(46,157)	(91,130)
Adjustments for :			
Depreciation		7,447	6,380
Amortisation of prepaid lease payments		112	107
Bad debts written off		65	48,022
Impairment of goodwill		—	35,750
Provision for impairment of trade receivable		314	—
Provision for salary provision written back		—	(62)
Write back of other payable		—	(2,230)
Gain on disposal of subsidiaries		—	(10,634)
Gain on deemed disposal of a subsidiary		—	(2,067)
Loss on disposals of property, plant and equipment		2	22
Interest income		(85)	(87)
Interest expenses		149	1,686
Share-based compensation	30(a) & (b)	10,777	—
Operating loss before working capital changes		(27,376)	(14,243)
Decrease/(Increase) in inventories		1,680	(4,136)
Decrease/(Increase) in trade and bills receivables		843	(2,058)
Increase in prepayments, deposits and other receivables		(1,870)	(8,128)
Increase/(Decrease) in trade payables		516	(562)
Increase/(Decrease) in deposits received, other payables and accruals		14,911	(1,767)
Increase in amounts due to directors		1,143	—
Cash used in operations		(10,153)	(30,894)
Interest paid		(149)	(1,686)
Hong Kong profits tax paid		—	(74)
Net cash used in operating activities		(10,302)	(32,654)

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For the year ended 31 December 2006

	Notes	2006 HK\$'000	2005 HK\$'000
Cash flow from investing activities			
Deposits paid	34	(2,750)	(4,075)
Purchases of property, plant and equipment	15(a)	(943)	(1,003)
Proceeds from disposals of property, plant and equipment		5	153
Disposal of subsidiaries (net of cash and cash equivalents)		—	(44)
Deemed disposal of subsidiaries (net of cash and cash equivalents)		—	(4)
Interest received		85	87
Net cash used in investing activities		(3,603)	(4,886)
Cash flow from financing activities			
Addition of new other loans		—	18,010
Addition of new finance lease		—	380
Proceeds from issue of convertible note		—	33,000
Proceeds from issuance of share capital		—	46,843
Proceeds from issue of shares upon exercise of share options	28(f)	9,465	—
(Decrease)/Increase in trust receipt loans		(2,257)	101
Repayment of bank loans		—	(3,900)
Repayment of other loans		—	(48,097)
Capital element of finance lease payments		(70)	(139)
Decrease/(Increase) in pledged time deposits		2,031	(1,031)
(Decrease)/Increase in amount due to minority shareholders		(1,432)	1,923
Net cash generated from financing activities		7,737	47,090
Net (decrease)/increase in cash and cash equivalents		(6,168)	9,550
Cash and cash equivalents at 1 January			
Effect on foreign exchange rate changes		8	34
Cash and cash equivalents at 31 December	21(a)	771	6,931