

Consolidated Cash Flow Statement

For the year ended 31 December 2005

	Note	2005 HK\$'000	2004 HK\$'000 (restated)
Operating activities			
Loss before taxation		(30,058)	(161,638)
Adjustments for:			
Convertible loan note settlement expense		85	310
Advertising and telecommunication services expenses	40	-	11,213
(Reversal of allowance) Allowance for bad and doubtful debts		(702)	7,630
Allowance for inventory obsolescence and write-off of inventories		-	19,041
Amortisation of intangible assets		-	1,830
Amortisation of goodwill		-	6,928
Amortisation of prepaid lease payments		186	646
Depreciation of property and equipment		21,675	43,602
Employee share option benefits		203	219
Loss (Gain) on deemed disposal of CRMG		974	(769)
Dividends from investments		(143)	(1,015)
Gain on dilution of shareholding in subsidiary and associate		(16,289)	-
Impairment loss recognised in respect of available-for-sale investments/investment securities		10,800	15,500
Impairment loss recognised in respect of goodwill		-	10,000
Impairment loss recognised in respect of property and equipment		-	2,060
Interest expenses		19,240	11,759
(Gain) Loss on disposal of property and equipment		(6,773)	4,746
Increase in fair value of derivative financial instrument		(64)	-
Share of loss of associate		26,728	-
Operating cashflow before movements in working capital		25,862	(27,938)
Increase in inventories		-	(16,759)
(Increase) Decrease in account receivables		(106,777)	131,457
Decrease (Increase) in loan receivables		1,670	(38,118)
(Increase) Decrease in prepayments, deposits and other receivables		(3,822)	26,022
Decrease (Increase) in listed investments held for trading/other investments		10,150	(3,500)
Decrease (Increase) in bank balances – trust and segregated accounts		80,254	(51,100)
(Decrease) Increase in account payables		(34,941)	45,511
(Decrease) Increase in accrued liabilities and other payables		(41,098)	25,254
Cash (used in) from operations		(68,702)	90,829
Hong Kong Profits Tax paid		-	(134)
Dividends received		143	1,015
Interest paid		(17,874)	(11,376)
Net cash (used in) from operating activities		(86,433)	80,334

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Investing activities			
Deposit payment for acquisition of online game business by CFSG		(56,095)	–
Additional payment for acquisition of a subsidiary	21(i)	–	(1,400)
Increase in bank deposits under conditions		(343)	(16,219)
Expenses paid for subscription of CFSG's rights shares		–	(800)
Proceeds from disposal of property and equipment		43,279	381
Purchase of property and equipment		(7,539)	(67,151)
Purchase of other investments		–	(10,800)
Statutory and other deposits paid		(947)	(1,601)
Deemed disposals of subsidiaries (net of cash and cash equivalents disposed)		(163,232)	–
Net cash used in investing activities		(184,877)	(97,590)
Financing activities			
Decrease in trust receipt loans		–	(3,782)
Increase (Decrease) in bank loans		116,805	(86,603)
Decrease in bank overdrafts		(10,373)	(28,328)
Repayments of obligations under finance leases		(221)	(537)
(Repayments) Proceeds on issue of convertible loan note		(10,000)	40,500
Proceeds on issue of shares		–	23,760
Share issue expenses		–	(655)
Contributions from minority shareholders		62,230	66,476
Dividend paid to minority shareholders by CFSG		(3,677)	–
Interest paid on obligations under finance leases		(15)	(22)
Share issue expenses paid by CFSG and CRMG		(300)	(3,330)
Interest paid on convertible loan note		(1,067)	–
Net cash from financing activities		153,382	7,479
Net decrease in cash and cash equivalents		(117,928)	(9,777)
Cash and cash equivalents at beginning of year		236,147	245,924
Cash and cash equivalents at end of year		118,219	236,147
Being:			
Bank balances (general accounts) and cash		118,219	236,147