

Consolidated Cash Flow Statement

For the year ended 31st December, 2006

| | NOTES | 2006 HK\$'000 | 2005 HK\$'000 |
|---|-------|------------------|------------------|
| OPERATING ACTIVITIES | | | |
| Loss before taxation | | (18,161) | (32,580) |
| Adjustments for: | | | |
| Depreciation | | 1,061 | 177 |
| Finance costs | | 10,104 | 16,512 |
| Impairment losses | | 1,300 | 11,514 |
| Loss on disposal of property, plant and equipment | | 77 | — |
| Release of prepaid lease payments | | 959 | 240 |
| Interest income | | (11) | (14) |
| Gain on disposal of subsidiaries | | (50) | — |
| Operating cash flow before movements in working capital | | (4,721) | (4,151) |
| Increase in inventories | | (462) | (237) |
| Decrease in trade and other receivables | | 1,074 | 1,185 |
| Decrease in properties held for sale | | 5,937 | 2,924 |
| (Decrease) increase in trade and other payables | | (4,194) | 2,265 |
| Cash (used in) generated from operations | | (2,366) | 1,986 |
| Income tax paid | | (30) | — |
| NET CASH (USED IN) FROM OPERATING ACTIVITIES | | (2,396) | 1,986 |
| INVESTING ACTIVITIES | | | |
| Disposal of a subsidiary | 28 | 128,954 | — |
| Interest received | | 11 | 14 |
| Purchase of property, plant and equipment | | (686) | — |
| Deferred consideration on disposal of subsidiaries | | — | 33,483 |
| Acquisition of subsidiaries | 29 | — | (3,736) |
| Increase in prepaid lease payment | 29 | — | (35,000) |
| NET CASH FROM (USED IN) INVESTING ACTIVITIES | | 128,279 | (5,239) |
| FINANCING ACTIVITIES | | | |
| Repayment of other borrowing | | (119,228) | — |
| Interest paid | | (9,772) | — |
| Advance from ultimate holding company | | 2,005 | 4,024 |
| NET CASH (USED IN) FROM FINANCING ACTIVITIES | | (126,995) | 4,024 |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | | (1,112) | 771 |
| CASH AND CASH EQUIVALENTS AT 1ST JANUARY | | 3,247 | 2,476 |
| Effect of foreign exchange rate changes | | 5 | — |
| CASH AND CASH EQUIVALENTS AT 31ST DECEMBER, represented by bank balances and cash | | 2,140 | 3,247 |