

## Consolidated Cash Flow Statement

Year ended 31 December 2006

	Note	2006 HK\$'000	2005 HK\$'000
<b>OPERATING ACTIVITIES</b>			
Loss before taxation		<b>(77,076)</b>	(96,789)
Adjustments for:			
Depreciation		<b>2,598</b>	3,428
Amortisation of interest in leasehold land held for own use under operating leases		<b>192</b>	185
Impairment losses on consumables		–	51
Reversal of impairment losses on properties under development for sale		–	(2,584)
Impairment losses on interest in associates (Reversal of)/provision for impairment losses on other receivables		<b>(63)</b>	212
Compensation cost on pre-sale of properties under development by a court order		<b>1,344</b>	–
Gain on disposal of a subsidiary	36(a)	–	(7,663)
Finance costs		<b>7,887</b>	5,338
Interest income		<b>(53)</b>	(25)
Loss on disposal of property, plant and equipment, net		<b>34</b>	225
<b>OPERATING LOSS BEFORE CHANGES IN WORKING CAPITAL</b>			
		<b>(65,137)</b>	(38,202)
Increase in consumables		<b>(54)</b>	(45)
Increase in properties under development for sale		<b>(19,682)</b>	(18,106)
(Increase)/decrease in trade receivables		<b>(273)</b>	11
Increase in other receivables, deposits and prepayments		<b>(5,998)</b>	(741)
(Decrease)/increase in trade payables		<b>(5,338)</b>	22,778
(Decrease)/increase in other payables and accruals		<b>(8,170)</b>	3,791
Increase/(decrease) in deposits received on pre-sale of properties under development for sale		<b>93,589</b>	(10,219)
(Decrease)/increase in provisions		<b>(10,477)</b>	17,942
<b>CASH USED IN OPERATIONS</b>			
		<b>(21,540)</b>	(22,791)
Tax paid			
Hong Kong profits tax paid		–	–
Mainland China tax paid		<b>(3,245)</b>	(337)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>			
		<b>(24,785)</b>	(23,128)

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Year ended 31 December 2006

	Note	2006 HK\$'000	2005 HK\$'000
<b>INVESTING ACTIVITIES</b>			
Payment for construction cost on investment properties under development and purchase of property, plant and equipment		(7,077)	(407)
Proceeds on disposal of property, plant and equipment		131	762
Interest received		53	25
Net cash outflow from disposal of a subsidiary	36(a)	–	(16)
Increase in pledged bank balances		(20)	(315)
<b>NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES</b>		<b>(6,913)</b>	49
<b>FINANCING ACTIVITIES</b>			
Capital element of finance lease rentals paid		(54)	(602)
Proceeds from new loans		400	27,885
Repayment of loans		–	(11,422)
Interest element of finance lease rentals paid		(2)	(31)
Interest paid		(7,979)	(7,516)
Increase in amount due to a substantial shareholder		–	12,041
Increase in amount due to a related company		47,899	–
Increase in amount due to a minority shareholder		–	335
Release of bank loans on disposal of a subsidiary	36(a)	–	4,686
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>		<b>40,264</b>	25,376
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>8,566</b>	2,297
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>599</b>	1,293
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET</b>		<b>(5,322)</b>	(2,991)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>3,843</b>	599

The notes on pages 26 to 78 form an integral part of these financial statements.