

Consolidated Cash Flow Statement

Year ended 31 December 2006

| | Notes | 2006 HK\$ | 2005 HK\$ |
|--|-------|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit/(loss) before tax | | 22,084,701 | (8,430,792) |
| Adjustments for: | | | |
| Finance costs | 6 | 3,439,343 | 6,506,291 |
| Interest income | 7 | (2,514,197) | (2,621,562) |
| Dividend income from listed investments | 5 | (22,214) | (40,884) |
| Gain on disposal of subsidiaries | 5 | (12,408,167) | - |
| Gain on the waiver of loan advances and related interest by former holding companies and a former fellow subsidiary | 5 | (20,073,702) | - |
| Gain on disposal of equity investments at fair value through profit or loss, net | 7 | (111,134) | (103,854) |
| Unrealised gains on equity investments at fair value through profit or loss, net | | (961,328) | (443,365) |
| Depreciation | 7 | 215,305 | 52,575 |
| Changes in fair value of investment properties | 14 | (141,126) | (10,630,000) |
| Impairment/(reversal of impairment) of loans receivable and other receivables | | (1,500,000) | 1,622,788 |
| Impairment of intangible assets | | - | 2,336,028 |
| | | (11,992,519) | (11,752,775) |
| Decrease in loans receivable | | 1,247,955 | 3,612,808 |
| Decrease/(increase) in accounts receivable | | (8,102,423) | 4,040,278 |
| Decrease/(increase) in prepayments, deposits and other receivables | | 540,786 | (1,676,125) |
| Decrease in equity investments at fair value through profit or loss | | 76,709 | 56,557 |
| Decrease/(increase) in client trust bank accounts | | (3,295,135) | 1,309,291 |
| Increase/(decrease) in accounts payable | | 11,182,514 | (1,891,360) |
| Increase in other payables and accruals | | 5,159,944 | 6,186,769 |
| | | (5,182,169) | (114,557) |
| Cash used in operations | | (5,182,169) | (114,557) |
| Interest received | | 2,514,197 | 2,621,562 |
| Dividend received from listed investments | | 22,214 | 40,884 |
| Interest paid | | (3,439,343) | (6,506,291) |
| Net cash outflow from operating activities | | (6,085,101) | (3,958,402) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of items of property, plant and equipment | | (11,903,208) | (100,688) |
| Purchases of investment properties | | (15,672,874) | - |
| Deposit paid for purchase of a property | | (192,900) | - |
| Disposal of subsidiaries | 32 | (692,643) | - |
| Cash outflow from investing activities | | (28,461,625) | (100,688) |

Consolidated Cash Flow Statement (continued)

Year ended 31 December 2006

| | Notes | 2006 HK\$ | 2005 HK\$ |
|--|-------|--------------|--------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from rights issue | 29(c) | 9,702,006 | - |
| Proceeds from issue of shares | 29(e) | 6,248,400 | - |
| Share issue expenses | 29 | (1,225,429) | - |
| Proceeds from issue of warrants | 29 | 2,400,000 | - |
| New bank loans | | 17,626,000 | - |
| Repayment of bank loans | | (130,941) | - |
| | | <hr/> | <hr/> |
| Net cash inflow from financing activities | | 34,620,036 | - |
| | | <hr/> | <hr/> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | | |
| | | 73,310 | (4,059,090) |
| Cash and cash equivalents at beginning of year | | 7,581,554 | 11,668,439 |
| Effect of foreign exchange rate changes, net | | (48,310) | (27,795) |
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| CASH AND CASH EQUIVALENTS AT END OF YEAR | | | |
| | | 7,606,554 | 7,581,554 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | 22 | 6,906,554 | 2,581,554 |
| Non-pledged time deposits with original maturity of less than three months when acquired | 22 | 700,000 | 5,000,000 |
| | | <hr/> | <hr/> |
| | | 7,606,554 | 7,581,554 |
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