

Consolidated Cash Flow Statement

For the year ended 31 March 2007

| | 2007 HK\$'000 | 2006 HK\$'000 |
|--|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (3,567) | (23,026) |
| Adjustments for: | | |
| Depreciation | 2,130 | 2,219 |
| Gain on disposal of a joint venture | (8,298) | — |
| Gain on disposal of property, plant and equipment | (148) | (91) |
| Provision for bad debt written back | (536) | — |
| Allowance for doubtful debts | 3,767 | 536 |
| Bad debt written off | — | 2,755 |
| Share option expenses | 150 | 427 |
| Interest income | (103) | (77) |
| Interest expenses | 591 | 447 |
| Operating loss before movements in working capital | (6,014) | (16,810) |
| Decrease in inventories | 5,979 | 12,393 |
| Decrease/(increase) in properties under development | 24,133 | (8,463) |
| Increase in properties held for sales | (25,962) | — |
| Decrease/(increase) in trade and other receivables | 2,890 | (2,313) |
| (Decrease)/increase in trade and other payables | (5,855) | 3,165 |
| (Decrease)/increase in amount due to a director | (2,398) | 4,408 |
| Cash used in operations | (7,227) | (7,620) |
| Income taxes paid | (1,737) | (179) |
| NET CASH OUTFLOW FROM OPERATING ACTIVITIES | (8,964) | (7,799) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment in non-current assets held for sales | (5,606) | — |
| Investment in short term investment | (37,370) | — |
| Proceeds from disposal of a joint venture | 47,290 | — |
| Purchases of property, plant and equipment | (149) | (413) |
| Proceeds from disposal of property, plant and equipment | 571 | 132 |
| Interest received | 103 | 77 |
| NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES | 4,839 | (204) |

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For the year ended 31 March 2007

| | 2007 HK\$'000 | 2006 HK\$'000 |
|---|------------------|------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Decrease/(increase) in pledged and restricted bank deposits | 6,216 | (56) |
| Interest paid | (591) | (3) |
| Increase in bank loans | 237 | — |
| NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES | 5,862 | (59) |
| INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 1,737 | (8,062) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 4,314 | 12,547 |
| EFFECT OF CHANGES IN EXCHANGE RATES | 809 | (171) |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | 6,860 | 4,314 |
| ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 6,860 | 10,530 |
| Restricted bank deposit | — | (6,216) |
| | 6,860 | 4,314 |

The notes on pages 26 to 64 form an integral part of these financial statements.