

# Cash Flow Statement

For the year ended 31 December 2005

|   | 2005<br>HK\$ | 2004<br>HK\$ |
|---|--------------|--------------|
| <b>Cash flows from operating activities</b>                                   |              |              |
| Loss before taxation  | (9,511,663)  | (9,078,931)  |
| Adjustments for:  |              |              |
| Impairment loss recognised in respect of investment in securities             | –            | 8,500,000    |
| Impairment loss recognised in respect of interest receivables                 | 1,714,777    | –            |
| Impairment loss recognised in respect of available-for-sale financial assets  | 13,428,045   | –            |
| Change in fair value of financial assets at fair value through profit or loss | 85,400       | –            |
| Operating profit/(loss) before working capital changes                        | 5,716,559    | (578,931)    |
| Increase in interest receivables  | (577,980)    | (492,994)    |
| Decrease/(increase) in other receivables                                      | 1,564,409    | (1,564,409)  |
| Increase in deposits and prepayment   | (41,579)     | (57,372)     |
| Decrease in amounts due from substantial shareholders                         | –            | 60,805       |
| Increase/(decrease) in other payable and accruals                             | 31,582       | (46,652)     |
| Net cash from/(used in) operating activities                                  | 6,692,991    | (2,679,553)  |
| <b>Cash flows from investing activities</b>                                   |              |              |
| Net addition of financial assets at fair value through profit or loss         | (303,825)    | –            |
| Net cash used in investing activities   | (303,825)    | –            |
| Net increase/(decrease) in cash and cash equivalents                          | 6,389,166    | (2,679,553)  |
| Cash and cash equivalents at beginning of year                                | 6,742,990    | 9,422,543    |
| Cash and cash equivalents at end of year                                      | 13,132,156   | 6,742,990    |
| Analysis of balances of cash and cash equivalents                             |              |              |
| Cash and bank balances  | 13,132,156   | 6,742,990    |