



CASH FLOW STATEMENT

For the year ended 31 December 2006

| | Note | 2006 HK\$ | 2005 HK\$ |
|---|------|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash (used in)/generated from operations | 22 | (15,113,366) | 8,518,467 |
| Income tax paid | | – | (423,123) |
| Income tax refunded | | 423,123 | – |
| | | <hr/> | <hr/> |
| Net cash (used in)/generated from operating activities | | (14,690,243) | 8,095,344 |
| | | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Deposits paid | | – | (3,000,001) |
| Dividend received | | 69,984 | – |
| Interest received | | 819,618 | 622,704 |
| Proceeds from sales of available-for-sale financial assets | | – | 2,500,000 |
| Acquisition of available-for-sale financial asset | 15 | (4,000,000) | – |
| | | <hr/> | <hr/> |
| Net cash (used in)/generated from investing activities | | (3,110,398) | 122,703 |
| | | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issuance of ordinary shares | 20 | – | 2,678,000 |
| | | <hr/> | <hr/> |
| Net cash generated from financing activities | | – | 2,678,000 |
| | | <hr style="border-top: 1px dashed black;"/> | <hr style="border-top: 1px dashed black;"/> |
| Net (decrease)/increase in cash and cash equivalents | | (17,800,641) | 10,896,047 |
| Cash and cash equivalents at beginning of the year | | 25,892,172 | 14,996,125 |
| | | <hr/> | <hr/> |
| Cash and cash equivalents at end of the year | | 8,091,531 | 25,892,172 |
| | | <hr style="border-top: 3px double black;"/> | <hr style="border-top: 3px double black;"/> |
| Analysis of balances of cash and cash equivalents | | | |
| Bank balance and cash | | 8,091,531 | 25,892,172 |
| | | <hr style="border-top: 3px double black;"/> | <hr style="border-top: 3px double black;"/> |

The notes on pages 23 to 49 form an integral part of these financial statements.