

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2004

	Notes	2004 HK\$	2003 HK\$
OPERATING ACTIVITIES			
Loss before taxation		(2,104,702)	(4,561,723)
Adjustment for:			
Interest income		(274,453)	(135,182)
Unrealised (gain)/loss on investments in securities		(962,876)	424,707
Unrealised loss/(gain) on other marketable securities		253,621	(100,245)
Gain on disposal of a subsidiary	24	(46,339)	–
Interest expenses		42,215	–
Depreciation of property, plant and equipment		54,935	90,958
Loss on written-off of property, plant and equipment		49,647	–
Loss on disposal of property, plant and equipment		–	104,103
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Net cash outflow generated from operating activities		(2,987,952)	(4,177,382)
Increase in investments in securities		(15,256,224)	(884,835)
Increase in other marketable securities		(2,380,651)	(656,555)
Decrease/(increase) in prepayments, deposits and other receivables		996,820	(3,716,093)
Increase in amount due from an investee company		(6,527)	(4,627,856)
Increase in accrued liabilities and other payables		62,443	23,440
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Cash used in operating activities		(19,572,091)	(14,039,281)
Interest received		274,453	135,182
Interest paid		(42,215)	–
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Net cash used in operating activities		(19,339,853)	(13,904,099)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		–	(210,044)
Proceeds from disposal of property, plant and equipment		–	100,000
Decrease in pledged bank deposits		–	90,000
Proceeds from disposal of a subsidiary	24	4,680,730	–
Acquisition of subsidiaries	25	(9,935,143)	–
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Net cash used in investing activities		(5,254,413)	(20,044)

Consolidated Cash Flow Statement

For the year ended 31 December 2004

	Notes	2004 HK\$	2003 HK\$
FINANCING ACTIVITIES			
Proceeds from issue of shares		50,000,000	–
Share issue expenses		<u>(1,651,000)</u>	<u>–</u>
Net cash generated from financing activities		<u>48,349,000</u>	<u>–</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		23,754,734	(13,924,143)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR			
		<u>14,505,102</u>	<u>28,429,245</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
		<u><u>38,259,836</u></u>	<u><u>14,505,102</u></u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		33,055,703	14,505,102
Goldman Sachs US\$ Liquid Reserve Fund		<u>5,204,133</u>	<u>–</u>
		<u><u>38,259,836</u></u>	<u><u>14,505,102</u></u>