

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2003

	Notes	2003 HK\$'000	2002 HK\$'000
OPERATING ACTIVITIES			
Net cash used in operations	32(a)	(7,981)	(34,582)
Interest paid on bank and other borrowings		(1,597)	(1,217)
Hong Kong profits tax (paid)/refund		(215)	146
PRC income tax paid		-	(27)
Net cash outflow from operating activities		(9,793)	(35,680)
INVESTING ACTIVITIES			
Purchases of fixed assets		(7,322)	(4,858)
Acquisition of short term investment		-	(23,415)
Interest received		92	568
Deposit paid for acquisition of Chinese medicine intellectual property and knowhow		-	(4,673)
Acquisition of subsidiaries (net of deposits and cash acquired)	32(b)	-	(10,127)
Disposal of subsidiaries	32(c)	(304)	-
Decrease in time deposits pledged to banks		769	9,203
Proceeds from disposal of long term investment		1,000	-
Proceeds from disposal of short term investment		24,530	-
Proceeds from disposal of fixed assets		5	-
Deposit paid for investment		(49,296)	-
Acquisition of Chinese medicine intellectual property and knowhow		(3,739)	-
Net cash outflow from investing activities		(34,265)	(33,302)
NET CASH OUTFLOW BEFORE FINANCING ACTIVITIES		(44,058)	(68,982)

CONSOLIDATED CASH FLOW STATEMENT (continued)

Year ended 31 December 2003

	Notes	2003 HK\$'000	2002 HK\$'000
FINANCING ACTIVITIES			
	32(d)		
Gross proceeds from issue of new shares		-	71,260
Share issue expenses		-	(1,790)
Advance from a director		3,560	5,990
Repayment of bank borrowings		(1,658)	(1,575)
New other borrowings		47,000	3,405
Repayment of other borrowings		(28,529)	(1,250)
Interest element of finance lease payments		(23)	(62)
Repayment of finance lease payables		(332)	(293)
Net cash inflow from financing activities		20,018	75,685
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(24,040)	6,703
Effect on foreign exchange rate changes		-	(187)
Cash and cash equivalents at beginning of year		27,020	20,504
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,980	27,020
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		2,980	31,658
Bank overdrafts		-	(888)
Trust receipt and export loans with maturity within three months		-	(3,750)
		2,980	27,020