

## CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2004

	Notes	2004 HK\$'000	2003 HK\$'000
<b>OPERATING ACTIVITIES</b>			
Net cash used in operations	25(a)	(17,346)	(7,981)
Interest paid on bank and other borrowings		-	(1,597)
Hong Kong profits tax paid		-	(215)
Net cash outflow from operating activities		(17,346)	(9,793)
<b>INVESTING ACTIVITIES</b>			
Purchases of fixed assets		(507)	(7,322)
Interest received		9	92
Disposal of subsidiaries	25(b)	-	(304)
Decrease in time deposits pledged to banks		-	769
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		(498)	(34,265)
<b>NET CASH OUTFLOW BEFORE FINANCING ACTIVITIES</b>		<b>(17,844)</b>	<b>(44,058)</b>

**CONSOLIDATED CASH FLOW STATEMENT** (continued)

Year ended 31 December 2004

	<i>Notes</i>	<b>2004</b> <b>HK\$'000</b>	2003 HK\$'000
FINANCING ACTIVITIES	25(c)		
Gross proceeds from issue of convertible notes		<b>21,500</b>	–
Convertible notes issue costs		<b>(865)</b>	–
Advance from a director		–	3,560
Repayment of bank borrowings		–	(1,658)
New other borrowings		–	47,000
Repayment of other borrowings		–	(28,529)
Interest element of finance lease payments		–	(23)
Repayment of finance lease payables		–	(332)
Net cash inflow from financing activities		<b>20,635</b>	20,018
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<b>2,791</b>	(24,040)
Cash and cash equivalents at beginning of year		<b>2,980</b>	27,020
CASH AND CASH EQUIVALENTS AT END OF YEAR		<b>5,771</b>	2,980