

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2005

	Notes	2005 HK\$'000	2004 HK\$'000
OPERATING ACTIVITIES			
Loss before taxation		(23,203)	(58,280)
Adjustments for:			
Amortisation of goodwill		-	185
Amortisation of intangible assets		-	710
Interest income		(899)	(1,834)
Depreciation of property, plant and equipment		856	1,013
Loss/(gain) on disposal of property, plant and equipment		269	(44)
Increase in fair value of investment properties		-	(280)
Loss on disposal of investments in securities		-	41,293
Impairment loss for doubtful debts		2,873	2,665
Loss on disposal of beneficial rights to a drug under development		-	400
Impairment of goodwill		555	-
Inventories written off		179	-
Interest expenses		108	289
Equity-settled consultancy services		-	17,461
Operating cash flows before movements in working capital		(19,262)	3,578
(Increase)/decrease in inventories		(216)	38
Decrease/(increase) in debtors and prepayments		34,828	(10,415)
Increase/(decrease) in creditors and accrued charges		4,614	(2,067)
Increase in amounts due to directors		600	160
Cash generated from/(used in) operations		20,564	(8,706)
Income tax paid		(372)	(161)
Net cash generated from/(used in) operating activities		20,192	(8,867)
INVESTING ACTIVITIES			
Deposits paid for the acquisition of beneficial rights to drugs under development		(18,269)	(54,686)
Advances to consulting companies		(150,309)	(48,069)
Purchase of investments in securities		-	(17,650)
Purchase of property, plant and equipment		(1,644)	(1,679)
Advance to an associate		(852)	(632)
Proceeds on disposal of investments in securities		-	49,600
Promissory notes repaid		10,259	30,779
Repayment from consulting companies		147,681	28,286
Proceeds on disposal of beneficial rights to a drug under development		-	6,600
Interest received		899	1,834
Proceeds on disposal of property, plant and equipment		-	100
Acquisition of a subsidiary	35	(1,395)	-
Net cash used in investing activities		(13,630)	(5,517)

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FINANCING ACTIVITIES		
Proceeds from issue of warrants, net of expenses	-	24,567
Proceeds from issue of shares, net of expenses	17,128	13,409
Payment on repurchase of shares, net of expenses	-	(23,519)
Repayments of bank and other borrowings	(2,724)	(3,801)
Payment on repurchase of warrants	-	(1,321)
Capital injection from minority shareholders of subsidiaries	24	-
Interest on bank borrowings paid	(108)	(269)
Repayments of obligations under finance leases	-	(44)
Interest on other loan paid	-	(19)
Finance charges on finance leases paid	-	(1)
Net cash generated from financing activities	14,320	9,002
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	20,882	(5,382)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	7,911	13,293
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	(2,080)	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	26,713	7,911
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	26,713	7,911