Consolidated Cash Flow Statement

For the year ended 31 December 2006

Tax paid (75) (372) Interest paid (9) (108) Finance lease charge paid (74) - Net cash (used in)/generated from operating activities (18,949) 20,084 CASH FLOWS FROM INVESTING ACTIVITIES Acquisition of a subsidiary 34(a) (1,665) (1,395) Disposal of subsidiaries 34(b) (16) - Advances to an associate (867) (852) Advances to consulting companies (18,215) (2,628) Promissory notes repaid - 10,259 Deposits paid for the acquisition of beneficial rights to drugs under development - (18,269) Purchases of property, plant and equipment (13,899) (1,644) Proceeds from disposal of property, plant and equipment 195 - Interest received 678 899		Note	2006 HK\$'000	2005 HK\$'000
Case	CASH FLOW FROM OPERATING ACTIVITIES			
Finance cost			(47,745)	(23,203)
Finance cost	Adjustment for:			
Gain on disposal of subsidiaries (4,097) - Fair value gain on investment properties (150) - Fair value gain on derivative component of redeemable voting preference shares (724) - Exchange gains (4,278) - Impairment loss for doubtful debts 2,867 2,873 Depreciation of property, plant and equipment 1,36 269 Employee share options benefits 673 - Equity-settled consultancy fees 18,909 - Impairment of goodwill - 555 Inventories written off - 179 Operating loss before working capital changes (31,713) (19,262) Increase in inventories (1,457) (216) (Increase) (decrease in debtors and prepayments (8,734) 34,828 Increase in amounts due to directors 25,3 600 Increase in amounts due to a related party 663 - Cash (used in)/generated from operations (18,791) 20,564 Tax paid (75) (372) Interest paid (9)			229	108
Fair value gain on investment properties	Interest income		(678)	(899)
Fair value gain on derivative component of redeemable voting preference shares Exchange gains Impairment loss for doubtful debts Depreciation of property, plant and equipment Loss on disposal of property, plant and equipment Loss on disposal of property, plant and equipment Equity-settled consultancy fees Impairment of goodwill Inventories written off Operating loss before working capital changes Increase in inventories (Increase)/decrease in debtors and prepayments (Increase) decrease in debtors and prepayments (Increase) in amount due to directors Increase in amount due to a related party Cash (used in)/generated from operations Tax paid Finance lease charge paid CASH FLOWS FROM INVESTING ACTIVITIES Acquisition of a subsidiary Advances to an associate Advances to consulting companies Promissory notes repaid Deposits paid for the acquisition of beneficial rights to drugs under development Proceeds from disposal of property, plant and equipment Interest received From disposal of property, plant and equipment Interest received Form disposal of property, plant and equipment Interest received Form disposal of property, plant and equipment Interest received Form disposal of property, plant and equipment Interest received Form disposal of property, plant and equipment Interest received Form disposal of property, plant and equipment Interest received Interest received Form disposal of property, plant and equipment Interest received Form disposal of property, plant and equipment Interest received Form disposal of property, plant and equipment Interest received Form disposal of property, plant and equipment Interest received Interest received Form disposal of property, plant and equipment Interest received Form disposal of property, plant and equipment Interest received Form disposal of property, plant and equipment Interest received Form disposal of property, plant and equipment Interest received Form disposal of property, plant and equipment Interest received	Gain on disposal of subsidiaries		(4,097)	-
voting preference shares (724) - Exchange gains (4,278) - Impairment loss for doubtful debts 2,867 2,873 Depreciation of property, plant and equipment 3,145 856 Loss on disposal of property, plant and equipment 136 269 Employee share options benefits 673 - Equity-settled consultancy fees 18,909 - Impairment of goodwill - 555 Inventories written off - 179 Operating loss before working capital changes (31,713) (19,262) Increase in inventories (1,457) (216) (Increase) decrease in debtors and prepayments (8,734) 34,828 Increase in creditors and accrued charges 22,197 4,614 Increase in amounts due to directors 253 600 Increase in amount due to a related party 663 - Cash (used in)/generated from operations (18,791) 20,564 Tax paid (75) (372) Interest paid (74) -	Fair value gain on investment properties		(150)	-
Exchange gains C4,278 — Impairment loss for doubtful debts C2,867 C2,873 C2,867 C2,873 C3,873			(724)	_
Impairment loss for doubtful debts 2,867 2,873 Depreciation of property, plant and equipment 3,145 856 Loss on disposal of property, plant and equipment 136 269 Employee share options benefits 673 - Equity-settled consultancy fees 18,909 - Impairment of goodwill - 555 Inventories written off - 179 Operating loss before working capital changes (31,713 (19,262) Increase in inventories (1,457 (216) (Increase) / decrease in debtors and prepayments (8,734 34,828 Increase in creditors and accrued charges 22,197 4,614 Increase in amounts due to directors 253 600 Increase in amount due to a related party 663 - Cash (used in)/generated from operations (18,791 20,564 Tax paid (75 (372) Interest paid (9) (108) Finance lease charge paid (74) - Net cash (used in)/generated from operating activities (18,949) 20,084 CASH FLOWS FROM INVESTING ACTIVITIES Acquisition of a subsidiary 34(a) (1,665) (1,395) Disposal of subsidiaries 34(b) (16 - Advances to consulting companies (18,215) (2,628) Promissory notes repaid - 10,259 Deposits paid for the acquisition of beneficial rights to drugs under development - (18,269) Purchases of property, plant and equipment 195 - Interest received 678 899				_
Depreciation of property, plant and equipment 3,145 856				2.873
Loss on disposal of property, plant and equipment 136 269				
Employee share options benefits				269
Impairment of goodwill	Employee share options benefits		673	_
Departing loss before working capital changes Castron	Equity-settled consultancy fees		18,909	_
Operating loss before working capital changes Increase in inventories (I,457) (Icrease)/decrease in debtors and prepayments (I,457) (Increase)/decrease in debtors and prepayments (I,457) (Icrease)/decrease in debtors and prepayments (IR,734) (ICREASE) Increase in are creditors and accrued charges Increase in amounts due to directors Increase in amounts due to a related party (IR,791) (ICREASE) Increase in amount due to a related party (IR,791) (IR,791) (ICREASE) Interest paid ICREASE ICREA	Impairment of goodwill		-	555
Increase in inventories	Inventories written off		-	179
Increase in inventories	Operating loss before working capital changes		(31.713)	(19.262)
(Increase)/decrease in debtors and prepayments (8,734) 34,828 Increase in creditors and accrued charges 22,197 4,614 Increase in amounts due to directors 253 600 Increase in amount due to a related party 663 - Cash (used in)/generated from operations (18,791) 20,564 Tax paid (75) (372) Interest paid (9) (108) Finance lease charge paid (74) - Net cash (used in)/generated from operating activities (18,949) 20,084 CASH FLOWS FROM INVESTING ACTIVITIES 40 (1,665) (1,395) Acquisition of a subsidiary 34(a) (1,665) (1,395) Disposal of subsidiaries 34(b) (16) - Advances to an associate (867) (852) Advances to consulting companies (18,215) (2,628) Promissory notes repaid - 10,259 Deposits paid for the acquisition of beneficial rights - (18,269) Purchases of property, plant and equipment - (13,899) (1,644) Proceeds from disposal of property, plant and equipment				
Increase in amounts due to directors Increase in amount due to a related party Cash (used in)/generated from operations Tax paid Interest paid Interest paid Finance lease charge paid CASH FLOWS FROM INVESTING ACTIVITIES Acquisition of a subsidiary Insposal of subsidiaries Advances to an associate Advances to consulting companies Promissory notes repaid Cash re	(Increase)/decrease in debtors and prepayments			
Increase in amount due to a related party Cash (used in)/generated from operations Tax paid Interest paid Finance lease charge paid CASH FLOWS FROM INVESTING ACTIVITIES Acquisition of a subsidiary Disposal of subsidiaries Advances to an associate Advances to consulting companies Promissory notes repaid Cash (18,215) Deposits paid for the acquisition of beneficial rights to drugs under development Proceeds from disposal of property, plant and equipment Interest received Cash FLOWS FROM INVESTING ACTIVITIES (18,949) 20,084 (18,949) 20,084 (1,665) (1,395) (1,395) (16)	Increase in creditors and accrued charges		22,197	4,614
Cash (used in)/generated from operations Tax paid Interest paid Interest paid Finance lease charge paid CASH FLOWS FROM INVESTING ACTIVITIES Acquisition of a subsidiary Disposal of subsidiaries Advances to an associate Advances to consulting companies Promissory notes repaid Deposits paid for the acquisition of beneficial rights to drugs under development Purchases of property, plant and equipment Interest received (18,791) (75) (372) (9) (108) (74) - (18,949) 20,084 (1,665) (1,395) (1,395) (1,665) (1,395) (16) - (16) - (18,215) (2,628) - (18,215) (2,628) - (18,269) (13,899) (1,644) Proceeds from disposal of property, plant and equipment Interest received	Increase in amounts due to directors		253	600
Tax paid (75) (372) Interest paid (9) (108) Finance lease charge paid (74) - Net cash (used in)/generated from operating activities (18,949) 20,084 CASH FLOWS FROM INVESTING ACTIVITIES Acquisition of a subsidiary 34(a) (1,665) (1,395) Disposal of subsidiaries 34(b) (16) - Advances to an associate (867) (852) Advances to consulting companies (18,215) (2,628) Promissory notes repaid - 10,259 Deposits paid for the acquisition of beneficial rights to drugs under development - (18,269) Purchases of property, plant and equipment (13,899) (1,644) Proceeds from disposal of property, plant and equipment 195 - Interest received 678 899	Increase in amount due to a related party		663	_
Interest paid Finance lease charge paid (9) (74) (74) - Net cash (used in)/generated from operating activities (18,949) 20,084 CASH FLOWS FROM INVESTING ACTIVITIES Acquisition of a subsidiary 34(a) (1,665) (1,395) Disposal of subsidiaries 34(b) (16) - Advances to an associate (867) (852) Advances to consulting companies (18,215) (2,628) Promissory notes repaid Deposits paid for the acquisition of beneficial rights to drugs under development 10,259 Purchases of property, plant and equipment Proceeds from disposal of property, plant and equipment Interest received (9) (108) (74) - (18,949) (1,395) (1,395) (16) - (18,215) (2,628) - (18,269) (13,899) (1,644) Proceeds from disposal of property, plant and equipment 195 - Interest received	Cash (used in)/generated from operations		(18,791)	20,564
Finance lease charge paid (74) — Net cash (used in)/generated from operating activities (18,949) 20,084 CASH FLOWS FROM INVESTING ACTIVITIES Acquisition of a subsidiary 34(a) (1,665) (1,395) Disposal of subsidiaries 34(b) (16) — Advances to an associate (867) (852) Advances to consulting companies (18,215) (2,628) Promissory notes repaid — 10,259 Deposits paid for the acquisition of beneficial rights to drugs under development — (18,269) Purchases of property, plant and equipment — (13,899) (1,644) Proceeds from disposal of property, plant and equipment — (195 — 10,259) Interest received — 678 — 899	Tax paid		(75)	(372)
Net cash (used in)/generated from operating activities CASH FLOWS FROM INVESTING ACTIVITIES Acquisition of a subsidiary Disposal of subsidiaries Advances to an associate Advances to consulting companies Promissory notes repaid Deposits paid for the acquisition of beneficial rights to drugs under development Purchases of property, plant and equipment Proceeds from disposal of property, plant and equipment Interest received (18,949) 20,084 (1,665) (1,395) (16) - (867) (852) (18,215) (2,628) - 10,259 - (18,269) (13,899) (1,644)	Interest paid		(9)	(108)
CASH FLOWS FROM INVESTING ACTIVITIES Acquisition of a subsidiary Disposal of subsidiaries Advances to an associate Advances to consulting companies Promissory notes repaid Deposits paid for the acquisition of beneficial rights to drugs under development Purchases of property, plant and equipment Proceeds from disposal of property, plant and equipment Interest received Advances to an associate (867) (852) (852) (18,215) (2,628) - 10,259 (18,269) (13,899) (1,644)	Finance lease charge paid		(74)	_
Acquisition of a subsidiary Disposal of subsidiaries Advances to an associate Advances to consulting companies Promissory notes repaid Deposits paid for the acquisition of beneficial rights to drugs under development Purchases of property, plant and equipment Proceeds from disposal of property, plant and equipment Interest received Advances to an associate (867) (852) (852) (18,215) (2,628) - 10,259 - (18,269) (13,899) (1,644) Proceeds from disposal of property, plant and equipment 195 - 899	Net cash (used in)/generated from operating activities		(18,949)	20,084
Disposal of subsidiaries 34(b) (16) — Advances to an associate (867) (852) Advances to consulting companies (18,215) (2,628) Promissory notes repaid — 10,259 Deposits paid for the acquisition of beneficial rights to drugs under development — (18,269) Purchases of property, plant and equipment — (13,899) (1,644) Proceeds from disposal of property, plant and equipment — 678 899	CASH FLOWS FROM INVESTING ACTIVITIES			
Advances to an associate Advances to consulting companies Promissory notes repaid Deposits paid for the acquisition of beneficial rights to drugs under development Purchases of property, plant and equipment Proceeds from disposal of property, plant and equipment Interest received (867) (252) (2,628) - 10,259 - (18,269) (13,899) (1,644) Poceeds from disposal of property, plant and equipment 195 - (18,269) - (18,269)	Acquisition of a subsidiary	34(a)	(1,665)	(1,395)
Advances to consulting companies Promissory notes repaid Deposits paid for the acquisition of beneficial rights to drugs under development Purchases of property, plant and equipment Proceeds from disposal of property, plant and equipment Interest received (18,215) (2,628) (18,215) (18,269) (18,269) (13,899) (1,644)	Disposal of subsidiaries	34(b)	(16)	-
Promissory notes repaid – 10,259 Deposits paid for the acquisition of beneficial rights to drugs under development – (18,269) Purchases of property, plant and equipment (13,899) (1,644) Proceeds from disposal of property, plant and equipment 195 – Interest received 678 899	Advances to an associate		(867)	(852)
Deposits paid for the acquisition of beneficial rights to drugs under development Purchases of property, plant and equipment Proceeds from disposal of property, plant and equipment Interest received (18,269) (1,644) Proceeds from disposal of property, plant and equipment 195 - 678 899	Advances to consulting companies		(18,215)	
to drugs under development – (18,269) Purchases of property, plant and equipment (13,899) (1,644) Proceeds from disposal of property, plant and equipment 195 – Interest received 678 899			-	10,259
Purchases of property, plant and equipment (13,899) (1,644) Proceeds from disposal of property, plant and equipment 195 – Interest received 678 899				
Proceeds from disposal of property, plant and equipment 195 – Interest received 678 899			-	
Interest received 678 899			, , ,	(1,644)
				-
Net cash used in investing activities (33,789) (13,630)	Interest received		6/8	899
	Net cash used in investing activities		(33,789)	(13,630)

Consolidated Cash Flow Statement

For the year ended 31 December 2006

	Note	2006 HK\$'000	2005 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from issue of shares Capital injection from minority shareholders of subsidiaries		22,400	17,128 24
Proceeds from issue of redeemable voting preference shares by a subsidiary Repayment of bank borrowings Repayment of obligation under finance lease		15,600 (135) (329)	(2,724) -
Net cash generated from financing activities		37,536	14,428
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(15,202)	20,882
Effect of foreign exchange rate changes		528	(2,080)
CASH AND CASH EQUIVALENT AT 1 JANUARY		26,713	7,911
CASH AND CASH EQUIVALENT AT 31 DECEMBER		12,039	26,713
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		12,039	26,713