

Notes to Consolidated Cash Flow Statement

For the year ended 31st December 2000

(a) Reconciliation of (loss)/profit before taxation to net cash inflow/ (outflow) from operating activities

	2000	1999
	HK\$'000	HK\$'000
(Loss)/profit before taxation	(383,148)	29,315
Share of results of associates	28,158	(7,641)
Share of results of a jointly controlled entity	(708)	(2,523)
Interest income	(2,414)	(2,386)
Interest expenses	24,027	5,989
Dividend income	(616)	(447)
Depreciation	2,137	9,730
Loss on disposal of subsidiaries	–	5,258
Gain on disposal of an associate	(1)	–
Realised gain on non-trading securities	(11,167)	(24,221)
Loss on disposal of fixed assets	8	–
Write-back of previous provision for debtors	–	(4,692)
Provision/(Write-back) of provision for diminution in values of investment in equity securities	121,754	(23,159)
Provision against impairment in value of fixed assets	4,405	–
Provision against impairment in value of intangible assets	63,979	–
Provision against impairment in value of goodwill arising on acquisition of an associate	63,904	–
Provision against impairment in value of goodwill arising on acquisition of a subsidiary	13,098	–
Decrease/(Increase) in properties held for sale and properties under development for sale	157,075	(210,518)
Increase in debtors, deposits and prepayments	(64,957)	(29,297)
Decrease in amount due from a related company	–	62,873
Decrease/(Increase) in investment in equity securities	21,515	(25,024)
(Decrease)/Increase in creditors and accruals	(30,952)	15,963
Increase/(Decrease) in retention money	11,965	(2,328)
Net cash inflow/ (outflow) from operating activities	18,062	(203,108)

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(b) Disposal of subsidiaries

	2000	1999
	HK\$'000	HK\$'000

Sales proceeds from disposal of subsidiaries as follows:

Net assets disposed of:		
Fixed assets	–	315,475
Debtors, deposits and prepayments	–	4,722
Bank balances and cash	–	51,236
Creditors and accruals	–	(1,795)
Short term bank borrowings	–	(18,763)
Minority interests	–	(301,108)
	–	49,767
Loss on disposal	–	(5,258)
	–	44,509
Satisfied by:		
Cash received	–	4,951
Debtors	–	39,558
	–	44,509

Analysis of the net cash outflow of cash and cash equivalents in respect of the disposal of subsidiaries:

	2000	1999
	HK\$'000	HK\$'000
Cash consideration received	–	4,951
Bank balances and cash disposed of	–	(51,236)
Short term bank borrowings disposed of	–	18,763
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	–	(27,522)

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The turnover and profit of the subsidiaries disposed of for the current year amounted to nil respectively (1999: HK\$17,338,000 and HK\$4,906,000 respectively).

During the period, the subsidiaries disposed of contributed nil (1999: HK\$3,919,000) to the Group's net operating cash flows, paid nil (1999: HK\$1,095,000) in respect of returns on investments and servicing of finance, paid nil (1999: HK\$32,945,000) in respect of investing activities and contributed nil (1999: HK\$1,818,000) in respect of financing activities.

(c) Purchase of subsidiaries

	2000	1999
	HK\$'000	HK\$'000
Net Assets Acquired:		
Fixed assets	634,061	–
Intangible assets	62,351	–
Interest in an associate	11,083	–
Properties held for sale	–	73,422
Debtors, deposits and prepayments	2,031	16
Bank balances and cash	47,938	5
Creditors and accruals	(132,190)	(1,559)
Retention money	(15,600)	–
Bank and other borrowings	(37,612)	(36,400)
Minority interests	(121,952)	–
Goodwill arising on acquisition of subsidiaries	162,724	–
Goodwill arising on acquisition of an associate	28,917	–
	641,751	35,484
Satisfied by:		
Cash consideration	66,751	35,484
Shares issued	555,000	–
Unpaid instalment (Note 1)	20,000	–
	641,751	35,484

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Note:

1. The unpaid instalment is related to an acquisition which will be due on the following date:

	2000	1999
	HK\$'000	HK\$'000
Within about two years after completion of the acquisition and upon the availability of audited accounts	20,000	–
	20,000	–

Analysis of the net cash outflow of cash and cash equivalents in respect of the purchase of subsidiaries:

	2000	1999
	HK\$'000	HK\$'000
Cash consideration	66,751	35,484
Cash balance acquired	(47,938)	(5)
	18,813	35,479

The cash flows contributed and utilized by the subsidiaries acquired during the year were not significant and the effect of the subsidiaries acquired to the results for the year was not material.

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For the year ended 31st December 2000

(d) Analysis of changes in financing during the year

	Share capital and premium HK\$'000	Bank and other borrowings HK\$'000	Minority interests HK\$'000	Total HK\$'000
Balance at 1st January, 1999	1,569,578	216,000	473,111	2,258,689
Share issue expenses	(26)	–	–	(26)
Repurchase of own shares	(14,545)	–	–	(14,545)
Net repayments to minority shareholders	–	–	(13,981)	(13,981)
New bank and other borrowings raised	–	147,500	–	147,500
Net cash inflow/(outflow)				
from financing	(14,571)	147,500	(13,981)	118,948
Transfer to accumulated losses	(134,457)	–	–	(134,457)
Acquisition of subsidiaries	–	36,400	–	36,400
Share of profit	–	–	9,767	9,767
Disposal of subsidiaries	–	–	(301,108)	(301,108)
	(149,028)	183,900	(305,322)	(270,450)
Balance at 31st December, 1999 and 1st January, 2000	1,420,550	399,900	167,789	1,988,239
Share issue expenses	(3,726)	–	–	(3,726)
Net repayments to minority shareholders	–	–	(9,983)	(9,983)
New bank and other borrowings raised	–	459,404	–	459,404
Repayment of secured bank loans	–	(240,740)	–	(240,740)
Net cash inflow/(outflow) from financing	(3,726)	218,664	(9,983)	204,955
Acquisition of subsidiaries	648,750	37,612	55,858	742,220
Share of loss	–	–	(28,242)	(28,242)
	645,024	256,276	17,633	918,933
Balance at 31st December, 2000	2,065,574	656,176	185,422	2,907,172

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(e) Analysis of the balances of cash and cash equivalents

	2000	1999
	HK\$'000	HK\$'000
Bank balances and cash	98,531	23,099
Bank overdrafts	(76,266)	(81,482)
	22,265	(58,383)

(f) Material non-cash transactions

During the year, the Group had material non-cash transactions as follows:

- (i) 500,000,000 ordinary shares of the Company were issued at approximately HK\$1.00 per share as consideration for the purchase of 80% equity interest in Shenzhen CyberCity International Co. Ltd. ("SCCIL").
- (ii) Subsequently 64,500,000 ordinary shares of the Company were issued at approximately HK\$1.453 per share as consideration for the purchase of additional 15% equity interest in SCCIL.
- (iii) 10 convertible bonds of HK\$6,600,000 each totalling HK\$66,000,000 were issued to settle part of the consideration for the purchase of a commercial property held for sale.
- (iv) 31,921,068 ordinary shares of the Company were issued at approximately HK\$1.723 per share to settle part of the consideration for the purchase of 100% of the issued capital of Maxwin Holdings Company Limited.