

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2000

	Note	2000 HK\$'000	1999 HK\$'000
Net cash inflow from operating activities	(a)	627,879	487,347
Returns on investments and servicing of finance			
Interest received		103,424	6,978
Interest paid		(43,849)	(91,413)
Net cash inflow / (outflow) from returns on investments and servicing of finance		59,575	(84,435)
Taxation			
Hong Kong taxation paid		(7,314)	(4,089)
Investing activities			
Purchase of property, plant and equipment		(506,939)	(382,952)
Additions to programming library		(138,447)	(101,265)
Purchase of non-current financial assets		(93,425)	-
Proceeds from sales of property, plant and equipment		3,276	1,848
Net cash outflow from investing activities		(735,535)	(482,369)
Net cash outflow before financing activities		(55,395)	(83,546)
Financing activities			
Gross proceeds from issue of shares		-	4,339,260
Listing expenses paid		(8,224)	(207,515)
Net repayment of amounts due to immediate holding company	(b)	-	(2,468,804)
Net cash (outflow) / inflow from financing activities		(8,224)	1,662,941
(Decrease) / increase in cash and cash equivalents		(63,619)	1,579,395
Effect of foreign exchange rates		2,599	-
Cash and cash equivalents at beginning of year		1,594,130	14,735
Cash and cash equivalents at end of year		1,533,110	1,594,130
Analysis of the balances of cash and cash equivalents			
Bank deposits and cash		1,540,940	1,600,174
Bank overdrafts		(7,830)	(6,044)
		1,533,110	1,594,130

The notes in F109.pdf form part of these accounts.

CONSOLIDATED CASH FLOW STATEMENT
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For the year ended December 31, 2000

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	2000 HK\$'000	1999 restated HK\$'000
Profit / (loss) before taxation	20,161	(237,365)
Finance expense	72,006	89,555
Interest income	(101,254)	(10,585)
Depreciation	449,294	469,353
Amortisation of programming library	106,151	96,983
Loss on disposal of property, plant and equipment	2,397	5,934
(Increase) / decrease in inventories	(3,535)	17,822
Increase in accounts receivable from trade debtors	(12,655)	(14,840)
(Increase) / decrease in prepayments and other receivables	(6,699)	7,697
Decrease in deposits	1,867	4,940
Increase in amounts due from fellow subsidiaries	(12,322)	(6,922)
Decrease in amounts due to trade creditors	(2,129)	(19,979)
Increase in accrued expenses and other payables	20,248	64,672
Increase in receipts in advance and customers' deposits	94,441	45,946
Increase / (decrease) in amounts due to fellow subsidiaries	2,430	(25,864)
Increase in amount due to immediate holding company	77	-
Foreign exchange	(2,599)	-
Net cash inflow from operating activities	<u>627,879</u>	<u>487,347</u>

CONSOLIDATED CASH FLOW STATEMENT
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For the year ended December 31, 2000

(b) Analysis of changes in financing

	Share capital (including share premium) HK\$'000	Amounts due to immediate holding company HK\$'000	Interest- bearing convertible bonds HK\$'000
At January 1, 1999	328	7,631,848	-
Eliminated during the course of the Reorganisation	(328)	8	-
Cash inflows from issue of shares, net of expenses	4,131,745	-	-
Listing expenses payable at the balance sheet date	(8,224)	-	-
Offset of proceeds from sale of fixed assets to a fellow subsidiary	-	(646,159)	-
Interest payable	-	7,843	-
Net repayment of amounts due to immediate holding company	-	(2,468,804)	-
Conversion to share capital and convertible bonds	<u>2,716,805</u>	<u>(4,516,805)</u>	<u>1,800,000</u>
At December 31, 1999	<u>6,840,326</u>	<u>7,931</u>	<u>1,800,000</u>
At January 1, 2000	6,840,326	7,931	1,800,000
Net change in interest payable	-	28,157	-
Transactions arising from operating activities	<u>-</u>	<u>77</u>	<u>-</u>
At December 31, 2000	<u>6,840,326</u>	<u>36,165</u>	<u>1,800,000</u>

The balance of share capital at January 1, 1999 represented the combined share capital of certain subsidiaries which were acquired by the Group as part of the Reorganisation. Of this amount, share capital of HK\$320,000 which was retained by Wharf Communications, the immediate holding company, was redesignated so as to eliminate the effective economic interest of the shareholders and share capital of HK\$8,000 was transferred to the Group.

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For the year ended December 31, 2000

(c) Major non-cash transactions

The Group had no major non-cash transaction during the year ended December 31, 2000. Major non-cash transactions of the Group during the year ended December 31, 1999 were as follows:

- (i) On November 1, 1999, HK\$2,717 million of loans from the immediate holding company were converted into equity capital.
- (ii) On November 18, 1999, the Company converted HK\$1,800 million of the Company's loans with the immediate holding company into convertible bonds issued by the Company at par.
- (iii) On September 30, 1999, the Group sold fixed assets with a net book value of HK\$646 million to a fellow subsidiary which was settled by offsetting an equivalent amount due by the Group to the immediate holding company.