

Consolidated Cash Flow Statement

For the year ended 31st December, 2000

	2000 HK\$'000	1999 HK\$'000
Net cash inflow from operating activities (Note a)	<u>15,306</u>	<u>48,836</u>
Returns on investments and servicing of finance		
Interest received	1,913	1,122
Interest element of hire purchase contracts	(18)	(51)
Interest paid	(32,963)	(28,662)
Dividend received	5,644	4,213
Distributions from partnerships	—	3,107
Net cash outflow from returns on investments and servicing of finance	<u>(25,424)</u>	<u>(20,271)</u>
Taxation		
Hong Kong profits tax paid	(1,680)	(2,732)
Overseas tax paid	(3,151)	(3,664)
Tax paid	<u>(4,831)</u>	<u>(6,396)</u>
Investing activities		
Purchase of fixed assets	(21,707)	(13,230)
Proceeds on disposal of fixed assets	146	2,285
Cash (outflow)/inflow from purchase of subsidiaries (Note c)	(8,719)	77
Purchase of current investments	(378)	(1,923)
Proceeds on disposal of investments	3,407	10,648
Capital element of distributions from partnerships	3,109	7,538
Net cash outflow to associates	(355)	(3,846)
Net cash (outflow)/inflow from investing activities	<u>(24,497)</u>	<u>1,549</u>
Net cash (outflow)/inflow before financing	<u>(39,446)</u>	<u>23,718</u>

Consolidated Cash Flow Statement *(Continued)*

For the year ended 31st December, 2000

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Financing		
Net increase/(decrease) in long term bank loans <i>(Note d)</i>	23,141	(25,543)
Net decrease in short term bank loans <i>(Note d)</i>	(73,889)	(13,887)
Capital elements of hire purchase contracts rentals <i>(Note d)</i>	(1,507)	(42)
Net increase in advances from shareholders <i>(Note d)</i>	30,000	9,800
(Decrease)/increase in amounts due to related companies <i>(Note d)</i>	(2,496)	834
Shares issued under share option scheme <i>(Note d)</i>	1,954	4,631
	<u> </u>	<u> </u>
Net cash outflow from financing	<u>(22,797)</u>	<u>(24,207)</u>
Decrease in cash and cash equivalents	(62,243)	(489)
Cash and cash equivalents at 1st January	<u>5,847</u>	<u>6,336</u>
Cash and cash equivalents at 31st December <i>(Note e)</i>	<u><u>(56,396)</u></u>	<u><u>5,847</u></u>

Consolidated Cash Flow Statement *(Continued)*

For the year ended 31st December, 2000

Notes to Consolidated Cash Flow Statement

(a) Reconciliation of profit from operations to net cash inflow from operating activities

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Profit from operations	1,781	29,847
Interest income	(1,969)	(1,380)
Provision for land held for resale	13,000	1,000
Amortisation of intangible assets	2,496	2,496
Depreciation	15,406	13,412
Gain on disposal of fixed assets	(82)	(1,091)
Dividend income	(5,644)	(4,213)
Gain on disposal of investments	(208)	(4,595)
Loss/(income) from partnerships	1,619	(3,107)
Exchange adjustments	(1,698)	(443)
Unrealised loss/(gain) on listed investments	363	(2,491)
Unrealised gain on revaluation of investment in Squaw Creek Associates	(31,449)	—
Decrease in inventories	3,911	32,503
Increase in amounts due to related companies	—	176
Decrease in debtors and prepayments	5,703	2,067
Increase/(decrease) in creditors and accrued charges	6,174	(11,077)
Increase/(decrease) in rental deposits received	2,633	(3,989)
Increase in amount due to a related party	—	(300)
(Decrease)/increase in amounts due to related parties	(15)	21
Revaluation deficit on investment properties	3,285	—
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Net cash inflow from operating activities	15,306	48,836

Consolidated Cash Flow Statement *(Continued)*

For the year ended 31st December, 2000

Notes to Consolidated Cash Flow Statement *(Continued)*

(b) Purchase of subsidiaries

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Net assets acquired:		
Fixed assets	6,391	7,808
Inventories	3,597	—
Trade and other receivables	1,532	618
Cash at bank and in hand	3	79
Trade and other payables	(2,192)	(10,815)
Bank loans and overdrafts	(2,724)	—
Amounts due to related parties	—	(1,905)
Obligations under hire purchase contracts	—	(1,456)
Deferred taxation	(82)	—
	<u>6,525</u>	<u>(5,671)</u>
Less: Amount previously recognised whilst held as an associate up to date of acquisition	<u>—</u>	<u>2,270</u>
	<u>6,525</u>	<u>(3,401)</u>
Goodwill arising on consolidation	<u>2,197</u>	<u>3,403</u>
	<u><u>8,722</u></u>	<u><u>2</u></u>
Satisfied by: cash paid	<u><u>8,722</u></u>	<u><u>2</u></u>

Subsidiaries acquired during the year contributed HK\$6,067,000 to the Group's net operating cash flows, paid HK\$82,000 in respect of taxation and utilised HK\$93,000 for investing activities.

(c) Analysis of net (outflow)/inflow of cash and cash equivalents in respect of the purchase of the subsidiaries

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Cash consideration	(8,722)	(2)
Cash at bank and in hand acquired	<u>3</u>	<u>79</u>
Net (outflow)/inflow of cash and cash equivalents in respect of the purchase of subsidiaries	<u><u>(8,719)</u></u>	<u><u>77</u></u>

Consolidated Cash Flow Statement (Continued)

For the year ended 31st December, 2000

Notes to Consolidated Cash Flow Statement (Continued)

(d) Analysis of changes in financing during the year

	Share capital (including premium) HK\$'000	Long term bank loans HK\$'000	Short term bank loans HK\$'000	Obligations under hire purchase contracts HK\$'000	Advances from directors HK\$'000	Advances from shareholders HK\$'000	Amounts due to related companies/ parties HK\$'000
Balance at 1st January, 1999	169,842	69,899	253,080	184	49,554	5,506	7,488
Additions through acquisition of subsidiary	—	—	—	1,456	—	—	1,905
Net cash inflow/(outflow) from financing	4,631	(25,543)	(13,887)	(42)	—	9,800	834
Balance at 31st December, 1999	<u>174,473</u>	<u>44,356</u>	<u>239,193</u>	<u>1,598</u>	<u>49,554</u>	<u>15,306</u>	<u>10,227</u>
Balance at 1st January, 2000	174,473	44,356	239,193	1,598	49,554	15,306	10,227
Additions through acquisition of subsidiaries	—	—	2,724	—	—	—	—
Net cash inflow/(outflow) from financing	1,954	23,141	(73,889)	(1,507)	—	30,000	(2,496)
Balance at 31st December, 2000	<u>176,427</u>	<u>67,497</u>	<u>168,028</u>	<u>91</u>	<u>49,554</u>	<u>45,306</u>	<u>7,731</u>

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

	2000 HK\$'000	1999 HK\$'000
Cash at bank and in hand	7,377	28,733
Bank overdrafts and advances repayable within three months from the date of the advance	(63,773)	(22,886)
	<u>(56,396)</u>	<u>5,847</u>