

29 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
(Continued)

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

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Provision for diminution in value of		
– fixed assets	1,926	—
– properties held for sale	7,812	1,925
– investment securities	5,679	—
Decrease in properties held for sale	18,710	5,286
Decrease in properties under development for sale	—	32,949
Decrease/(increase) in inventories	1,121	(4,645)
Decrease/(increase) in trade receivables, deposits and prepayments	49,484	(30,052)
Increase/(decrease) in trade payables, deposits and accruals	11,305	(32,064)
Exchange differences	(3,405)	(294)
	49,680	68,771
Net cash inflow from operating activities	49,680	68,771

29 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
(Continued)

(b) Analysis of changes in financing during the year

	Share capital (including premium) <i>HK\$'000</i>	Bank loans and loan from a financial institution <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Obligations under finance leases <i>HK\$'000</i>
Balance at 1st April, 1999	913,104	1,458,420	963,029	—
Net cash inflow/(outflow)				
from financing	—	(88,364)	11,125	(15)
Dividends paid to minority shareholders	—	—	(4,859)	—
Acquisition of additional interest in a listed subsidiary	—	—	(214,029)	—
Shares issued for non-cash consideration (<i>note c</i>)	—	—	75,000	—
Loan amount waived	—	(10,700)	—	—
Share of profit	—	—	45,878	—
Share of reserves	—	—	(45,860)	—
Inception of finance leases	—	—	—	807
Exchange differences	—	822	—	—
Balance at 31st March, 2000	913,104	1,360,178	830,284	792
Balance at 1st April, 2000	913,104	1,360,178	830,284	792
Net cash inflow/(outflow)				
from financing	55,145	(30,438)	48,620	(2,239)
Dividends paid to minority shareholders	—	—	(11,699)	—
Share of loss	—	—	(27,561)	—
Share of reserves	—	—	(20,660)	—
Transfer from other payables	—	—	—	3,725
Inception of finance leases	—	—	—	439
Balance at 31st March, 2001	968,249	1,329,740	818,984	2,717

29 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
(Continued)

(c) **Major non-cash transaction**

As at 31st March, 2000, the consideration for the acquisition of an associated company in last year comprised issuance of 50,000,000 ordinary shares in China Cyberworld at HK\$1.5 each.

(d) **Sale of subsidiaries**

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net assets disposed of:		
Loan receivable	—	152,000
Trade receivables, deposits and prepayment	—	378
Bank balances and cash	—	812
Trade payables, deposits and accruals	—	(88)
	—	153,102
Gain on sale of subsidiaries	—	4,695
	—	157,797
	—	157,797
Satisfied by:		
Cash	—	157,797
	—	157,797

Included in the above was a subsidiary which acquired an interest in a secured loan of HK\$152,000,000 in November 1999. This subsidiary, including the loan receivable, was subsequently disposed of in March 2000 at a profit of HK\$3,694,000.

29 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
(Continued)

(d) **Sale of subsidiaries** (Continued)

Analysis of net inflow of cash and cash equivalents in respect of disposal of subsidiaries is as follows:

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash consideration	—	157,797
Bank balances and cash disposed of	—	(812)
	—	156,985
	—	156,985

The subsidiaries disposed of in 2000 did not contribute significant cash flows to the Group.

(e) **Purchase of a subsidiary**

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net liability acquired:		
Amount due to immediate holding company	(17,710)	—
	(17,710)	—
Satisfied by:		
Waive of amount due to immediate holding company	(17,710)	—
	(17,710)	—

The subsidiary purchased during the year did not contribute significant cash flows to the Group.

3 0 R E L A T E D P A R T Y T R A N S A C T I O N

As announced on 12th May, 1999, the Company and one of its wholly owned subsidiaries had on 10th May, 1999 entered into an agreement with China Cyberworld and one of its wholly owned subsidiaries for the disposal of their interests in companies that own the Chuang's Tower.

After the completion of the disposal of its interests in Chuang's Tower, the Company continues to provide the corporate guarantee to secure the repayment of a mortgage bank loan in the principal amount of HK\$283 million as at 31st March, 2001 (2000: HK\$286 million) owed by the holding company of Chuang's Tower. In return, the Company receives a counter-indemnity from China Cyberworld under which China Cyberworld undertakes to indemnify the Company against all losses and liabilities which the Company may incur under the guarantee as from completion.

3 1 S U B S E Q U E N T E V E N T S

- (a) On 30th March, 2001, the Group entered into an agreement with a third party to dispose of its 100% indirect interest in two wholly owned subsidiaries, Leading Action Resources Limited and High Profit Properties Limited, at a consideration of approximately HK\$142 million. The estimated profit on disposal of the subsidiaries is approximately HK\$11.7 million. The transaction was completed in May 2001.

- (b) On 12th June, 2001, a wholly owned subsidiary of the Company entered into a placing agreement with a third party for placement of 100,000,000 shares of HK\$0.05 each of China Cyberworld to independent professional institutional and other investors at a price of HK\$0.27 per share. The subsidiary has also entered into a subscription agreement on the same date with China Cyberworld to subscribe for 170,000,000 shares of HK\$0.05 each at a price of HK\$0.27 per share. China Cyberworld intends to use the net proceeds of approximately HK\$45,000,000 from the share subscription for general working capital purposes.

3 2 C O M P A R A T I V E F I G U R E S

Certain comparative figures have been restated or reclassified to conform with current year's presentation.

3 3 A P P R O V A L O F A C C O U N T S

The accounts were approved by the board of directors on 16th July, 2001.

34 PRINCIPAL SUBSIDIARIES

The directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length and therefore the following list contains only the subsidiaries which principally affect the results and/or assets of the Group during the year.

Name	Place of incorporation/ operation	Issued share capital/paid-up capital	Group equity interest		Principal activities
			2001	2000	
Amersham Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100%	100%	Investment holding
Artful Limited	Hong Kong	100 shares of HK\$1 each	70%	70%	Property development
# Chengdu Chuang's Centre Development Company Limited	PRC	RMB20,000,000	32.11%	32.35%	Property development and investment
#† China Cyberworld Limited	Bermuda/ Hong Kong	854,439,690 shares of HK\$0.05 each	62.97%	63.43%	Investment holding
# China Cyberworld (2000) Limited	Hong Kong	2 shares of HK\$1 each	62.97%	63.43%	Investment holding
# Chuang's China Enterprises Limited	Hong Kong	458,310,965 shares of HK\$0.20 each	62.97%	63.43%	Securities trading and investment holding
# Chuang's China Realty Limited	Bermuda/ Hong Kong	2,000,000 shares of HK\$0.05 each	62.97%	63.43%	Investment holding
* Chuang's Consortium Limited	Hong Kong	4,000 shares of HK\$0.25 each	100%	100%	Investment holding
Chuang's Corporate Services Limited	Hong Kong	2 shares of HK\$1 each	100%	100%	Property development

34 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Issued share capital/paid-up capital	Group equity interest		Principal activities
			2001	2000	
Chuang's Credit Limited	Hong Kong	10,300,000 shares of HK\$1 each	100%	100%	Money lender
# Chuang's Development (Chengdu) Limited	Hong Kong	100,000 shares of HK\$10 each	62.97%	63.43%	Investment holding
# Chuang's Development (China) Limited	Hong Kong	2 shares of HK\$10 each	62.97%	63.43%	Property development and investment
# Chuang's Development (Dong Guan) Limited	Hong Kong	2 shares of HK\$1 each	62.97%	63.43%	Investment holding
Chuang's Finance & Investments Limited	Hong Kong	110,000 shares of HK\$10 each	100%	100%	Investment holding, finance, securities trading and project management
* Chuang's International Limited	British Virgin Islands/ Hong Kong	10 shares of US\$1 each	100%	100%	Investment holding
Chuang's Properties Limited	Hong Kong	300,000,000 shares of HK\$1 each	100%	100%	Investment holding
Chuang's Real Estate Agency Limited	Hong Kong	2 shares of HK\$1 each	100%	100%	Provision of property management and agency services
Cityprop Company Limited	Hong Kong	2 shares of HK\$1 each	100%	100%	Property investment