

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June

(HK\$'000)	(Unaudited) 2001
Net cash inflow from operating activities	781,036
Net cash outflow from returns on investments and servicing of finance	(185,527)
Net tax refund	143
Net cash outflow from investing activities	(18,734)
Net cash inflow before financing	576,918
Net cash outflow from financing	(1,059,668)
Decrease in cash and cash equivalents	(482,750)
Cash and cash equivalents at 1st January	872,593
Cash and cash equivalents at 30th June	389,843

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Note 1 Basis of preparation and accounting policies

The condensed financial statements have been prepared under the historical cost convention and in accordance with Statement of Standard Accounting Practice No. 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants ("SSAP 25"), except that comparative figures are not presented for the cash flow statement, being the first cash flow statement to be included in the interim financial statements relating to accounting periods ended on or after 1st July, 2000. Such departure from SSAP 25 is permitted under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31st December, 2000 with the exception of the changes in the accounting policies for goodwill and proposed dividends as follows:

(a) Goodwill

Goodwill arising on consolidation represents the excess of cost of acquisition of subsidiaries, associates and jointly controlled entities over the Group's share of the fair value ascribed to the separable net assets at the date of acquisition. In previous years, goodwill was charged to the reserve in the year in which it arose. With the introduction of SSAP 30 "Business combinations", the Group has adopted the transitional provisions prescribed therein. All goodwill and negative goodwill arising from earlier acquisitions before 1st January, 2001 will continue to be held in the reserve and no reinstatement has been made. Impairment losses of HK\$4,733,000 related to periods prior to 1st January, 2000 have been dealt with retrospectively. Therefore, there is no impact in the Group's net assets as at 30th June, 2001 and its profit attributable to shareholders for both periods presented.