

## Consolidated Cash Flow Statement

for the year ended 30th June, 2001

	Notes	2001 HK\$'000	2000 HK\$'000
Net cash inflow from operating activities	(a)	<u>6,797,641</u>	<u>3,587,736</u>
Returns on investments and servicing of finance			
Interest received		472,462	428,415
Interest paid		(1,044,310)	(1,115,548)
Finance charges on obligations under finance leases paid		(162)	—
Dividends received from associates		728,441	967,164
Dividends received from jointly controlled entities		10,400	2,500
Dividends received from investment in securities		22,374	10,900
Dividends paid		(2,669,317)	(2,324,889)
Dividends paid to minority shareholders		(524,700)	(259,870)
Net cash outflow from returns on investments and servicing of finance		<u>(3,004,812)</u>	<u>(2,291,328)</u>
Taxation			
Hong Kong profits tax paid		(655,259)	(778,286)
Profits tax paid outside Hong Kong		(18,719)	(16,272)
Tax refund of Hong Kong profits tax received		87,394	66,038
Tax paid		<u>(586,584)</u>	<u>(728,520)</u>
Investing activities			
Proceeds from sale of fixed assets		7,237	4,758
Purchase of fixed assets		(330,166)	(693,872)
Investment in associates		(154,728)	(16,587)
Investment in jointly controlled entities		(250)	—
Advances from/(repayment to) associates		326,649	(382,616)
Advances from/(repayment to) jointly controlled entities		742,146	(1,174,334)
Acquisition of subsidiaries	(e)	398	(28,075)
Purchase of investment in securities		(744,052)	(718,758)
Purchase of additional shares in subsidiaries		(1,370,955)	(12,913)
Proceeds from sale of investment in securities		760,807	2,034,841
Net cash outflow from investing activities		<u>(762,914)</u>	<u>(987,556)</u>
Net cash inflow/(outflow) before financing		<u>2,443,331</u>	<u>(419,668)</u>
Financing	(c)		
Issue of shares to minority shareholders		898,299	22,664
(Repayment to)/contributions from minority shareholders		(848,919)	713,125
New bank loans		9,890,936	12,634,035
Repayment of bank loans		(10,879,876)	(10,063,811)
Repayment of other loans		(500,000)	(2,992,042)
Repayment of obligations under finance leases		(134)	—
Net cash (outflow)/inflow from financing		<u>(1,439,694)</u>	<u>313,971</u>
Increase/(decrease) in cash and cash equivalents		1,003,637	(105,697)
Cash and cash equivalents at 1st July		<u>(495,276)</u>	<u>(389,579)</u>
Cash and cash equivalents at 30th June	(b)	<u>508,361</u>	<u>(495,276)</u>

## Consolidated Cash Flow Statement (cont'd)

for the year ended 30th June, 2001

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## NOTES TO THE CASH FLOW STATEMENT

- (a) Reconciliation of profit from ordinary activities before share of profits less losses of associates and jointly controlled entities to net cash inflow from operating activities

	2001 HK\$'000	2000 HK\$'000
Profit from ordinary activities before share of profits less losses of associates and jointly controlled entities	4,412,351	6,645,366
Interest income	(686,651)	(701,582)
Interest expense	165,740	508,174
Finance charges on obligations under finance leases	162	—
Dividends from investment in securities	(22,374)	(10,900)
Amortisation and depreciation	105,876	60,574
Loss on disposal of fixed assets	1,029	1,914
Profit on partial disposal of interest in a subsidiary	(582,181)	—
Loss on disposal of investment in associates	4,461	—
Deficit on winding up of an associate	—	87,993
Profit on disposal of investment in securities	(101,272)	(1,239,351)
Deficit/(surplus) on revaluation of investment in securities	58,516	(31,968)
Provision for diminution in value of properties	132,635	891,616
Provision for diminution in value of properties written back	(513,622)	—
Impairment in value of investments	60,713	586,720
Goodwill written off	4,408	13,921
Release of capital reserve to profit and loss account	(75,789)	(50,033)
Revaluation reserve realised upon disposal of properties	(4,886)	(7,619)
Exchange difference	333	(1,908)
Increase in other receivables	(382,334)	(122,584)
Decrease in properties held for development	1,495,596	871,412
Decrease/(increase) in leasehold land	10,738	(109,138)
(Increase)/decrease in properties under development	(1,148,128)	5,132,659
Decrease in properties held for resale	8,560	—
Increase in completed properties for sale	(672,194)	(2,433,548)
(Increase)/decrease in inventories	(20,850)	13,278
(Increase)/decrease in amounts due from customers for contract work	(150,645)	15,213
(Increase)/decrease in deposits for acquisition of properties	(9,635)	9,943
Decrease/(increase) in debtors, prepayments and deposits	615,482	(80,089)
Decrease in instalments receivable	862,944	995,531
Decrease in cash held by stakeholders	46,530	162,507
Decrease in forward sales deposits received	(635,367)	(8,091,850)
Increase in rental and other deposits	6,717	46,455
Increase/(decrease) in creditors and accrued expenses	147,141	(63,891)
Decrease in amounts due to customers for contract work	(996)	(6,466)
Increase in amounts due to fellow subsidiaries	3,664,633	495,387
Net cash inflow from operating activities	<u>6,797,641</u>	<u>3,587,736</u>

**Consolidated Cash Flow Statement (cont'd)**

for the year ended 30th June, 2001

**(b) Analysis of the balances of cash and cash equivalents**

	2001 HK\$'000	2000 HK\$'000
Deposits with banks and other financial institutions	1,270,455	931,532
Cash at bank and in hand	286,976	180,652
Bank loans and overdrafts	<u>(1,049,070)</u>	<u>(1,607,460)</u>
	<u>508,361</u>	<u>(495,276)</u>

**(c) Analysis of changes in financing during the year**

	Obligations under finance leases HK\$'000	Minority interests HK\$'000	Bank loans HK\$'000	Other loans HK\$'000	Share capital HK\$'000	Share premium HK\$'000
Balance at 1st July, 1999	—	13,688,055	9,603,811	4,275,903	3,444,280	8,387,915
Cash inflow/(outflow) from financing	—	735,789	2,570,224	(2,992,042)	—	—
Attributable profits less dividends paid	—	653,410	—	—	—	—
Revaluation reserve	—	(51,184)	—	—	—	—
Capital reserve	—	2,495	—	—	—	—
Decrease in shareholdings by minority shareholders	—	(50,350)	—	—	—	—
Balance at 30th June, 2000	<u>—</u>	<u>14,978,215</u>	<u>12,174,035</u>	<u>1,283,861</u>	<u>3,444,280</u>	<u>8,387,915</u>
Balance at 1st July, 2000	—	14,978,215	12,174,035	1,283,861	3,444,280	8,387,915
Cash inflow/(outflow) from financing	(134)	49,380	(988,940)	(500,000)	—	—
Attributable profits less dividends paid	—	335,429	—	—	—	—
Revaluation reserve	—	(178,646)	—	—	—	—
Capital reserve	—	(54,497)	—	—	—	—
Decrease in shareholdings by minority shareholders	—	(1,661,173)	—	—	—	—
Acquisition of subsidiaries	1,410	559,259	454,596	—	—	—
Profit on partial disposal of interest in a subsidiary	—	(582,181)	—	—	—	—
Inception of finance lease contracts	198	—	—	—	—	—
Balance at 30th June, 2001	<u>1,474</u>	<u>13,445,786</u>	<u>11,639,691</u>	<u>783,861</u>	<u>3,444,280</u>	<u>8,387,915</u>

## Consolidated Cash Flow Statement (cont'd)

for the year ended 30th June, 2001

## (d) Acquisition of subsidiaries

	2001 HK\$'000	2000 HK\$'000
Net assets acquired		
Fixed assets	1,557,605	—
Interest in associates	16,749	—
Investment in securities	150	—
Properties held for development	—	240,309
Inventories	4,982	—
Debtors, prepayments and deposits	50,440	40,602
Pledged bank deposits	24,070	—
Cash and cash equivalents	65,224	9,458
Creditors and accrued expenses	(52,275)	(83,569)
Obligations under finance leases	(1,410)	—
Taxation	(3,569)	—
Bank loan	(454,596)	—
Minority interests	(559,259)	—
Loan from a shareholder	(161,533)	—
Carrying value of associates and a jointly controlled entity prior to becoming subsidiaries on acquisition	(344,882)	—
	<u>141,696</u>	<u>206,800</u>
Add: Goodwill	4,408	2,024
Capital reserves	—	(5,890)
	<u>146,104</u>	<u>202,934</u>
Satisfied by:		
Amounts due (from)/to fellow subsidiaries	(25,037)	2,015
Other receivables	—	130,028
Debtors, prepayments and deposits	106,315	33,358
Cash consideration paid	64,826	37,533
	<u>146,104</u>	<u>202,934</u>

## (e) Analysis of net inflow/(outflow) of cash and cash equivalents in respect of the acquisition of subsidiaries

	2001 HK\$'000	2000 HK\$'000
Cash consideration	(64,826)	(37,533)
Cash and cash equivalents acquired	65,224	9,458
Net inflow/(outflow) of cash and cash equivalents in respect of the acquisition of subsidiaries	<u>398</u>	<u>(28,075)</u>

The subsidiaries acquired during the year contributed HK\$157,713,000 to the Group's net operating cash flow, paid HK\$45,414,000 in respect of net returns on investments and servicing of finance, paid HK\$10,301,000 in respect of taxation, received HK\$155,000 for investing activities and paid HK\$123,169,000 in respect of financing activities.

The subsidiaries acquired during the year contributed HK\$170,300,000 to the Group's turnover and HK\$59,552,000 to the Group's profit from operations.

The subsidiaries acquired last year did not have any significant impact on the Group's cash flows or operating results for that year.