

Consolidated Cash Flow Statement

for the year ended 30th June, 2002

	Notes	2002 HK\$'000	2001 HK\$'000
Net cash inflow from operating activities	(a)	<u>4,916,217</u>	<u>6,797,641</u>
Returns on investments and servicing of finance			
Interest received		248,350	472,462
Interest paid		(490,460)	(1,044,310)
Finance charges on obligations under finance leases paid		(226)	(162)
Dividends received from associates		918,836	728,441
Dividends received from jointly controlled entities		20,287	10,400
Dividends received from investments in securities		42,660	22,374
Dividends paid		(1,549,926)	(2,669,317)
Dividends paid to minority shareholders		(230,571)	(524,700)
Net cash outflow from returns on investments and servicing of finance		<u>(1,041,050)</u>	<u>(3,004,812)</u>
Taxation			
Hong Kong profits tax paid		(1,147,773)	(655,259)
Profits tax paid outside Hong Kong		(32,050)	(18,719)
Refund of Hong Kong profits tax		10,116	87,394
Tax paid		<u>(1,169,707)</u>	<u>(586,584)</u>
Investing activities			
Proceeds from sale of fixed assets		181,087	7,237
Purchase of fixed assets		(673,747)	(330,166)
Investments in associates		(130,650)	(154,728)
Investments in jointly controlled entities		—	(250)
(Advances to) / repayment from associates		(156,487)	326,649
(Advances to) / repayment from jointly controlled entities		(330,726)	742,146
Acquisition of subsidiaries	(e)	(118,099)	398
Proceeds from disposal of subsidiaries	(f)	13,293	—
Purchase of investments in securities		(406,955)	(744,052)
Proceeds from disposal of a jointly controlled entity		4,200	—
Proceeds from disposal of associates		44,254	—
Purchase of additional shares in subsidiaries		(149,257)	(1,370,955)
Proceeds from sale of investments in securities		41,283	760,807
Decrease in pledged bank deposits		3,865	—
Net cash outflow from investing activities		<u>(1,677,939)</u>	<u>(762,914)</u>
Net cash inflow before financing		<u>1,027,521</u>	<u>2,443,331</u>
Financing	(c)		
Issue of shares to minority shareholders		943	898,299
Contributions from / (repayment to) minority shareholders		76,446	(848,919)
New bank loans		9,933,392	9,890,936
Repayment of bank loans		(10,431,463)	(10,879,876)
Repayment of other loans		—	(500,000)
Repayment of obligations under finance leases		(1,010)	(134)
Net cash outflow from financing		<u>(421,692)</u>	<u>(1,439,694)</u>
Increase in cash and cash equivalents		605,829	1,003,637
Cash and cash equivalents at 1st July		508,361	(495,276)
Cash and cash equivalents at 30th June	(b)	<u>1,114,190</u>	<u>508,361</u>

Consolidated Cash Flow Statement (cont'd)

for the year ended 30th June, 2002

NOTES TO THE CONSOLIDATED 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

	2002 HK\$'000	2001 HK\$'000
Profit from ordinary activities before share of profits less losses of associates and jointly controlled entities	1,676,173	4,412,351
Interest income	(327,438)	(686,651)
Interest expense	79,365	165,740
Finance charges on obligations under finance leases	226	162
Dividends from investments in securities	(40,570)	(22,374)
Amortisation and depreciation	116,140	105,876
(Profit) / loss on disposal of fixed assets	(92,789)	1,029
Loss on disposal / (profit) on partial disposal of interest in subsidiaries	4,417	(582,181)
(Profit) / loss on disposal of interest in associates and a jointly controlled entity	(32,842)	4,461
Surplus on winding up of associates	(1,682)	—
Profit on disposal of investments in securities	(2,285)	(101,272)
Deficit on revaluation of investments in securities	52,984	41,563
Provision for diminution in value of properties	57,722	132,635
Provision for diminution in value of properties written back	—	(513,622)
(Reversal of impairment loss) / impairment loss in value of associates	(120,000)	11,462
Impairment loss in value of a jointly controlled entity	—	49,251
Impairment loss on property, plant and equipment	60,260	—
Amortisation of goodwill	38,000	—
Impairment loss in value of investment securities	11,002	16,953
Goodwill written off	—	4,408
Release of capital reserve to profit and loss account	(34,456)	(75,789)
Revaluation reserve realised upon disposal of properties	(9,927)	(4,886)
Exchange difference	1,376	333
Decrease / (increase) in other receivables	2,630,803	(382,334)
(Increase) / decrease in properties held for development	(673,379)	1,495,596
Decrease in leasehold land	163,263	10,738
Decrease / (increase) in properties under development	97,219	(1,148,128)
Decrease in properties held for resale	—	8,560
Decrease / (increase) in completed properties for sale	393,495	(672,194)
Decrease / (increase) in inventories	4,247	(20,850)
Decrease / (increase) in amounts due from customers for contract work	84,654	(150,645)
Increase in deposits for acquisition of properties	(8,602)	(9,635)
(Increase) / decrease in debtors, prepayments and deposits	(155,975)	909,796
Decrease in instalments receivable	625,018	862,944
Decrease / (increase) in loan receivable	88,704	(294,314)
(Increase) / decrease in cash held by stakeholders	(272,828)	46,530
Increase / (decrease) in forward sales deposits received	2,343,443	(635,367)
Increase in rental and other deposits	6,082	6,717
(Decrease) / increase in creditors and accrued expenses	(1,052,603)	147,141
Increase / (decrease) in amounts due to customers for contract work	51	(996)
(Decrease) / increase in amounts due to fellow subsidiaries	(793,051)	3,664,633
Net cash inflow from operating activities	<u>4,916,217</u>	<u>6,797,641</u>

Consolidated Cash Flow Statement (cont'd)

for the year ended 30th June, 2002

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

	2002 HK\$'000	2001 HK\$'000
Deposits with banks and other financial institutions	1,047,452	1,270,455
Cash at bank and in hand	304,520	286,976
Bank loans and overdrafts	<u>(237,782)</u>	<u>(1,049,070)</u>
	<u>1,114,190</u>	<u>508,361</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, 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	<u>198</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
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>
Balance at 1st July, 2001	1,474	13,445,786	11,639,691	783,861	3,444,280	8,387,915
Cash inflow / (outflow) from financing	(1,010)	77,389	(498,071)	—	—	—
Attributable profits less dividends paid	—	313,921	—	—	—	—
Revaluation reserve	—	77,116	—	—	—	—
Capital reserve	—	(29,177)	—	—	—	—
Decrease in shareholdings by minority shareholders	—	(533,888)	—	—	—	—
Acquisition of subsidiaries	<u>—</u>	<u>4,784</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balance at 30th June, 2002	<u>464</u>	<u>13,355,931</u>	<u>11,141,620</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, 2002

(d) Acquisition of subsidiaries

	2002 HK\$'000	2001 HK\$'000
Net assets acquired		
Fixed assets	—	1,557,605
Interest in associates	—	16,749
Investments in securities	—	150
Properties held for development	1,100	—
Leasehold land	122,923	—
Inventories	—	4,982
Debtors, prepayments and deposits	—	50,440
Pledged bank deposits	—	24,070
Cash and cash equivalents	1	65,224
Creditors and accrued expenses	(40)	(52,275)
Obligations under finance leases	—	(1,410)
Taxation	—	(3,569)
Bank loan	—	(454,596)
Minority interests	(4,784)	(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>119,200</u>	<u>141,696</u>
Add: Goodwill	—	4,408
	<u>119,200</u>	<u>146,104</u>
Satisfied by:		
Amounts due to / (from) fellow subsidiaries	1,100	(25,037)
Debtors, prepayments and deposits	—	106,315
Cash consideration paid	118,100	64,826
	<u>119,200</u>	<u>146,104</u>

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

	2002 HK\$'000	2001 HK\$'000
Cash consideration	(118,100)	(64,826)
Cash and cash equivalents acquired	1	65,224
Net (outflow) / inflow of cash and cash equivalents in respect of the acquisition of subsidiaries	<u>(118,099)</u>	<u>398</u>

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

The subsidiaries acquired last 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.

In addition, the subsidiaries acquired last year contributed HK\$170,300,000 to the Group's turnover and HK\$59,552,000 to the Group's profit from operations for that year.

Consolidated Cash Flow Statement (cont'd)

for the year ended 30th June, 2002

(f) Disposal of subsidiaries

	2002 HK\$'000	2001 HK\$'000
Net assets disposed of:		
Property, plant and equipment	14,836	—
Properties held for development	2,922	—
Inventories	216	—
Debtors, prepayments and deposits	444	—
Amount due from a fellow subsidiary	151	—
Cash and cash equivalents	245	—
Creditors and accrued expenses	(814)	—
Taxation	(45)	—
Net assets	17,955	—
Loss on disposal	(4,417)	—
Total consideration	<u>13,538</u>	—
Satisfied by:		
Cash consideration	<u>13,538</u>	—
Net cash inflow arising on disposal:		
Cash consideration	13,538	—
Bank balances and cash disposed of	<u>(245)</u>	—
	<u>13,293</u>	—

The subsidiaries disposed of during the year did not have any significant contribution to the Group's cash flows or operating results for the year.