

Consolidated cash flow statement

| for the half-year ended 30 June in HK\$ million | 2003 (Unaudited) | 2002 (Unaudited) |
|---|---------------------|---------------------|
| Cash flows from operating activities | | |
| Operating profit from railway and related operations before depreciation | 1,814 | 2,054 |
| Adjustments for: | | |
| Loss on disposals of fixed assets | 5 | 1 |
| Project study and deferred expenditures written off | – | 42 |
| Amortisation of deferred finance income | (1) | – |
| Exchange gain | (1) | – |
| Operating profit from railway and related operations before working capital changes | 1,817 | 2,097 |
| Decrease/(Increase) in debtors, deposits and payments in advance | 9 | (6) |
| Increase in stores and spares | (10) | (3) |
| Increase in creditors, accrued charges and provisions | 661 | 975 |
| <i>Net cash generated from operating activities</i> | 2,477 | 3,063 |
| Cash flows from investing activities | | |
| Capital expenditure | | |
| – Tseung Kwan O Extension Project | (420) | (1,547) |
| – Property development projects | (79) | (190) |
| – Purchase of assets and other capital projects | (1,080) | (1,307) |
| Receipts from property developers | 17 | 331 |
| Receipts from properties sold | 25 | 69 |
| Proceeds received on reduction of investment in a non-controlled subsidiary | – | 9 |
| Principal repayments under Staff Housing Loan Scheme | 8 | 23 |
| <i>Net cash used in investing activities</i> | (1,529) | (2,612) |
| Cash flows from financing activities | | |
| Shares issued | 15 | 20 |
| Drawdown of loans | 1,593 | 3,731 |
| Repayment of loans | (2,536) | (1,092) |
| Reduction in capital element of finance lease | (51) | (70) |
| Receipts of deferred finance income | 137 | – |
| Collection of refundable deposits and asset replacement reserve funds | – | 4 |
| Interest paid | (855) | (788) |
| Interest received | 10 | 6 |
| Interest element of finance lease rental payments | (24) | (30) |
| Finance charges paid | (15) | (13) |
| Dividend paid | (281) | (708) |
| <i>Net cash (used in)/generated from financing activities</i> | (2,007) | 1,060 |
| Net (decrease)/increase in cash and cash equivalents | (1,059) | 1,511 |
| Cash and cash equivalents at 1 January | 1,684 | 166 |
| Cash and cash equivalents at 30 June | 625 | 1,677 |
| Analysis of the balances of cash and cash equivalents | | |
| Cash and cash equivalents | 642 | 1,706 |
| Bank overdrafts | (17) | (29) |
| | 625 | 1,677 |