

# Consolidated Cash Flow Statement

FINANCIAL STATEMENTS

for the year ended 30th June, 2004

	2004 HK\$'000	2003 restated HK\$'000
Operating activities		
Profit from ordinary activities before taxation	4,044,350	3,325,716
Adjustments for:		
Interest income	(141,776)	(198,622)
Profit on disposal of investments in securities	(61,911)	(12,815)
(Profit)/loss on disposal of fixed assets	(71,558)	5,649
Bad debts written off	109,861	93,098
Provision on property projects written back	(788,490)	(336,999)
Provision on property projects	27,633	664,706
Loss/(profit) on disposal of interest in subsidiaries	6,396	(99,530)
Loss on disposal of interest in associates	—	76,699
Surplus on revaluation of investments in securities	(48,901)	(63,104)
(Reversal of impairment loss)/impairment loss in value of investment securities	(119)	1,094
Impairment loss on other fixed assets	53,613	14,318
Impairment loss in value of associates	—	1,364
Impairment loss on positive goodwill	4,000	—
Amortisation of goodwill	31,075	27,973
Amortisation of deferred expense	19,845	—
Interest expense	86,503	51,389
Finance charges on obligations under finance leases	4	70
Amortisation and depreciation	91,500	103,266
Dividends from investments in securities	(50,880)	(65,000)
Deficit on winding up of associates	57	289
Revaluation reserve realised upon disposal of properties	—	(307)
Share of profits less losses of associates	(1,591,350)	(1,444,946)
Share of profits less losses of jointly controlled entities	(143,716)	(649,601)
Exchange difference	(16)	(1,376)
Operating profit before changes in working capital	1,576,120	1,493,331
(Increase)/decrease in properties held for development	(104,279)	374,061
Decrease in leasehold land	52,820	26,569
Decrease in properties under development	821,307	4,057,945
(Increase)/decrease in properties held for resale	(2,760)	7,492
Decrease/(increase) in completed properties for sale	623,652	(2,234,537)
Decrease in inventories	999	9,688
Decrease/(increase) in amounts due from customers for contract work	140,856	(65,734)
(Increase)/decrease in deposits for acquisition of properties	(564,405)	19,901
(Increase)/decrease in debtors, prepayments and deposits	(51,883)	172,935
Decrease in instalments receivable	389,134	277,685
Decrease in cash held by stakeholders	69,102	203,726
Decrease in forward sales deposits received	(519,474)	(1,824,060)
Decrease in rental and other deposits	(706)	(8,168)
Increase/(decrease) in creditors and accrued expenses	8,561	(256,426)
Increase/(decrease) in amounts due to customers for contract work	34,333	(51)
Increase/(decrease) in amounts due to fellow subsidiaries	1,317,602	(308,035)
Cash generated from operations	3,790,979	1,946,322

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for the year ended 30th June, 2004

	Notes	2004 HK\$'000	2003 restated HK\$'000
Interest received		101,528	116,138
Hong Kong Profits Tax paid		(132,991)	(142,277)
Profits Tax paid outside Hong Kong		(54,593)	(24,852)
Refund of Hong Kong Profits Tax		8,047	289
Refund of Profits Tax outside Hong Kong		—	102
<b>Net cash from operating activities</b>		<b>3,712,970</b>	<b>1,895,722</b>
<b>Investing activities</b>			
(Net cash paid)/proceeds from disposal of subsidiaries	(a)	(58)	276,373
Proceeds from disposal of fixed assets		27,867	88,687
Additions to fixed assets		(130,448)	(254,273)
Investments in associates		—	(7,572)
Investments in jointly controlled entities		—	(35,415)
Repayment from/(advance to) associates		529,082	(70,751)
(Advance to)/repayment from jointly controlled entities		(5,209,751)	97,989
Purchase of investments in securities		—	(67,674)
Proceeds from redemption of held-to-maturity securities		164,522	177,840
Proceeds from disposal of investments in securities		639,266	129,246
Proceeds from disposal of associates		—	263,342
Acquisition of a subsidiary	(b)	(23,056)	—
Purchase of additional shares in a subsidiary		(55,791)	—
Interest received		47,730	55,900
Repayment of loans receivable		489,921	—
Dividends received from associates		898,046	937,796
Dividends received from jointly controlled entities		19,526	3,520
Dividends received from investments in securities		50,880	65,000
<b>Net cash (used in)/from investing activities</b>		<b>(2,552,264)</b>	<b>1,660,008</b>
<b>Financing activities</b>			
Issue of shares to minority shareholders		6,340	3,000
(Repayment to)/contributions from minority shareholders		(180,727)	116,956
Dividends paid		(1,451,664)	(1,377,712)
Dividends paid to minority shareholders		(252,486)	(218,878)
Interest paid		(283,061)	(324,162)
Finance charges on obligations under finance leases paid		(4)	(70)
New bank loans		4,416,213	6,504,724
Repayment of capital element of obligations under finance leases		(47)	(417)
Repayment of other loans		—	(757,541)
Repayment of bank loans		(10,675,817)	(6,405,344)
Proceeds from issuance of new shares		2,954,475	—
Expenses paid in connection with the issue of new shares		(64)	—
Proceeds from issuance of guaranteed convertible notes		5,750,000	—
Expense paid in connection with the issue of guaranteed convertible notes		(100,625)	—
<b>Net cash from/(used in) financing activities</b>		<b>182,533</b>	<b>(2,459,444)</b>
Increase in cash and cash equivalents		1,343,239	1,096,286
Cash and cash equivalents at 1st July		2,210,476	1,114,190
Cash and cash equivalents at 30th June	30	3,553,715	2,210,476

The notes on pages 94 to 147 form part of these accounts.

for the year ended 30th June, 2004

**Notes to the Consolidated Cash Flow Statement****(a) Disposal of subsidiaries**

	2004 HK\$'000	2003 HK\$'000
Net assets disposed of:		
Fixed assets	4,704	—
Properties held for development	—	176,843
Debtors, prepayments and deposits	2,232	—
Cash and cash equivalents	58	—
Creditors and accrued expenses	(6,974)	—
Minority interests	(1)	—
Net assets	19	176,843
Profit on disposal	—	99,530
Total consideration	<u>19</u>	<u>276,373</u>
Satisfied by:		
Other receivable	19	—
Cash consideration	—	276,373
	<u>19</u>	<u>276,373</u>
Net cash (outflow)/inflow arising on disposal:		
Cash consideration	—	276,373
Cash and cash equivalents disposed of	(58)	—
	<u>(58)</u>	<u>276,373</u>
<b>(b) Acquisition of a subsidiary</b>		
Net assets acquired:		
Properties under development	<u>23,056</u>	—
Satisfied by and net cash outflow arising on the acquisition:		
Cash paid	<u>23,056</u>	—