

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2006

	Note	2006 HK\$ Million	2005 HK\$ Million (restated)
Cash generated from operations	a	1,778.0	1,529.6
Interest received		156.9	74.9
Interest paid		(248.8)	(87.8)
Dividends received from associates		1,080.1	914.6
Dividends received from listed investments		34.6	36.5
Hong Kong profits tax paid		(48.2)	(106.6)
Overseas tax (paid)/refunded		(19.5)	0.2
Net cash generated from operating activities		2,733.1	2,361.4
Investing activities			
Purchase of available-for-sale investments		(905.8)	(189.0)
Purchase of additional interests in subsidiaries		(36.4)	–
Acquisition of subsidiaries	b	(349.0)	–
Purchase of additional interest in an associate		(9.9)	–
Purchase of fixed assets		(99.5)	(410.2)
Proceeds from disposal of investment properties		293.2	–
Proceeds from disposal of fixed assets		0.8	6.9
Proceeds from disposal of available-for-sale investments		961.9	322.7
Proceeds from disposal of associates		63.1	9.5
Decrease in deferred debtors		138.9	125.7
Decrease in net advances from associates		(695.9)	(353.7)
Net cash used in investing activities		(638.6)	(488.1)
Financing activities			
Drawdown of long-term loans		857.2	6,119.2
Repayment of long-term loans		(2,212.0)	(4,498.1)
Net drawdown/(repayment) of short-term bank loans		528.5	(1,760.0)
Dividends paid to shareholders		(223.5)	(182.9)
Dividends paid to minority shareholders		(836.4)	(96.3)
Issuance of rights shares to minority shareholders		771.9	–
Net cash used in financing activities		(1,114.3)	(418.1)
Net increase in cash and cash equivalents		980.2	1,455.2
Cash and cash equivalents at 1 April		3,502.1	2,017.2
Effect of foreign exchange rate changes		35.3	29.7
Cash and cash equivalents at 31 March		4,517.6	3,502.1
Analysis of the balances of cash and cash equivalents			
Bank balances and deposits		4,517.6	3,502.1

CONSOLIDATED CASH FLOW STATEMENT

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NOTES TO CONSOLIDATED CASH FLOW STATEMENT

a) Reconciliation of profit before taxation to cash generated from operations

	2006 HK\$ Million	2005 HK\$ Million (restated)
Profit before taxation	12,118.9	9,746.7
Adjustments for:		
Share of profits less losses of associates	(6,870.6)	(6,191.6)
Interest income	(154.4)	(74.8)
Interest expense	207.0	71.7
Dividend income from listed investments	(31.9)	(40.3)
Depreciation	17.2	1.9
Net profit on disposal of available-for-sale investments	(261.9)	(89.3)
Profit on disposal of investment properties	(98.2)	–
Loss on disposal of fixed assets	9.4	0.8
Write back of provision for properties	(192.6)	(1,352.1)
Increase in fair value of investment properties	(3,428.9)	(885.8)
Deferred profit realised	(5.9)	(111.2)
Profit on disposal of an associate	–	(9.5)
Amortisation of negative goodwill	–	(8.6)
Amortisation of intangible assets	0.5	–
Exchange differences	50.5	55.1
Operating profit before working capital changes	1,359.1	1,113.0
Increase in properties under development for sale	(1,977.0)	(3,031.0)
Decrease in properties held for sale	2,918.0	1,453.0
Decrease in short-term investments	–	79.8
Decrease in trade and other receivables	453.0	31.9
(Decrease)/increase in deposits from sale of properties	(682.9)	2,046.2
Decrease in trade and other payables	(292.2)	(163.3)
Cash generated from operations	1,778.0	1,529.6

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2006

b) Acquisition of subsidiaries

On 21 April 2005, the Group acquired 67.6% of the shares in Hamptons Group Limited for HK\$362.9 million in cash. The company is engaged in estate agency services in the residential property market. In the period to 31 March 2006, Hamptons Group Limited contributed HK\$810.5 million to the Group's turnover and HK\$10.8 million to the profit attributable to Shareholders of the Company. The acquisition has been accounted for using the purchase method.

If the acquisition had occurred on 1 April 2005, Hamptons Group Limited's revenue and net profit contributed to the Group would not be significantly different to that reported above.

The cash flow and the net assets of subsidiaries acquired are provided below:

	2006 HK\$ Million
Non-current assets	256.1
Current assets	212.5
Current liabilities	(149.3)
Minority interests	(2.8)
	316.5
Amount previously accounted for as an associate	(57.0)
Net assets acquired	259.5
Goodwill arising on acquisition (Note 13)	103.4
Total purchase price paid, satisfied in cash	362.9
Less: Cash of subsidiaries acquired	(13.9)
Net cash outflow in respect of the acquisition of subsidiaries	349.0

The goodwill is attributable to the profitability of the acquired business and the synergies expected to arise after the Group's acquisition of Hamptons Group Limited.

There were no significant acquisitions in the year ended 31 March 2005.