

Notes to Consolidated Cash Flow Statement

a Purchase of Subsidiary Companies

During the year, the Group's mainly acquisition was a 100% interest in Sino Iron Pty Ltd ('Sino'). The fair value of Sino's net assets at date of acquisition in July 2006 was HK\$1,170 million.

The acquired business contributed aggregate revenues of HK\$1,126 million and aggregate net loss of HK\$3 million since acquisition. The aggregate revenue and net loss of the acquired companies as though the acquisition for the business combinations effected during the year had been at the beginning of that year are HK\$1,475 million and HK\$4 million respectively.

Details of net assets acquired and goodwill are as follows:

<i>in HK\$ million</i>	2006	2005
<i>Purchase consideration</i>		
Cash paid	1,815	107
Accounts receivable	–	382
Amount due to a jointly controlled entity	(23)	–
Interest in an other financial assets	–	209
Total purchase consideration	1,792	698
Fair value of net assets acquired	(1,273)	(657)
Goodwill	519	41

The goodwill is attributable to the development potential of business acquired.

a Purchase of Subsidiary Companies *continued*

<i>in HK\$ million</i>	2006	2005
Net Assets Acquired		
Leasehold land	-	30
Properties under development	-	271
Property, plant and equipment	140	1,589
Intangible assets	1,737	-
Investment	-	3
Inventories	87	778
Debtors, accounts receivable, deposits and prepayments	102	783
Deferred tax assets	-	72
Cash and bank deposits	94	170
Assets	2,160	3,696
Bank loans	(94)	(1,090)
Creditors, accounts payable, deposits and accruals	(273)	(1,525)
Minority interests	(13)	(424)
Deferred tax liabilities	(507)	-
Liabilities	(887)	(3,039)
	1,273	657
Less: Interest in a jointly controlled entity	(9)	-
Other financial assets	-	(209)
Goodwill	519	41
	1,783	489
<i>Satisfied by</i>		
Cash	1,815	107
Accounts Receivable	-	382
Amount due to a Jointly Controlled Entity	(32)	-
	1,783	489

Analysis of the net outflow / (inflow) of cash and cash equivalents in respect of the purchase of subsidiary companies

<i>in HK\$ million</i>	2006	2005
Cash consideration	1,815	107
Cash and bank deposits acquired	(94)	(170)
	1,721	(63)

b Disposal of Subsidiary Companies

<i>in HK\$ million</i>	2006	2005
Net Assets Disposal		
Leashold land	164	–
Property, plant and equipment	13	27
Properties under development	819	520
Associated companies	4,862	–
Debtors, accounts receivable, deposits and prepayments	5	11
Cash and bank deposits	–	20
Creditors, accounts payable, deposits and accruals	(34)	(401)
Minority interests	(3)	(47)
Goodwill	22	–
	5,848	130
Profit on disposal	1,271	362
Accounts payable	–	(26)
	7,119	466
<i>Satisfied by</i>		
Cash	7,119	496
Interest in Jointly Controlled Entities	–	(30)
	7,119	466

Analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiary companies

<i>in HK\$ million</i>	2006	2005
Cash consideration	7,119	496
Cash and bank deposits disposed of	–	(20)
	7,119	476

c Reconciliation of the Balance of Cash and Cash Equivalents in Respect of Bank Loans, Other Loans and Overdrafts

<i>in HK\$ million</i>	2006	2005
Bank loans, other loans and overdrafts	1,689	2,406
Bank loans and other loans	(1,644)	(2,351)
Bank overdrafts	45	55