

CONSOLIDATED CASH FLOW STATEMENT

year ended 31 December 2006

ANNUAL REPORT 2006

	<u>2006</u> HK\$ million	<u>2005</u> HK\$ million
OPERATING ACTIVITIES		
Profit before tax	394	315
Adjustments for:		
Interest income	(29)	(6)
Interest expenses	95	56
Share of loss of associates	5	1
Depreciation	84	94
Change in fair value of investments held for trading	1	(70)
Change in fair value of derivative instruments	–	1
Net increase in fair value of investment properties	(84)	(1)
Discount on increased investment in subsidiaries	(27)	(1)
Amortisation of other assets	27	24
Amortisation of prepaid lease payments	6	6
Allowance for doubtful debts	34	3
Impairment loss recognised in respect of interests in associates	58	–
Impairment loss recognised in respect of investments available-for-sale	16	6
Loss on disposal of property, plant and equipment	21	–
Gain on partial disposal of subsidiaries	(191)	–
Gain on disposal of investment properties	(1)	–
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Operating cash flows before movements in working capital	409	428
Increase in accounts, bills and other receivables	(574)	(20)
(Increase) / decrease in inventories	(45)	79
Decrease / (increase) in investments held for trading	569	(341)
Decrease in prepayments, deposits and other assets	10	228
Increase in amounts due from associates	(14)	(3)
(Decrease) / increase in amounts due to associates	(60)	5
Increase / (decrease) in accounts and bills payable	434	(207)
Increase / (decrease) in accrued liabilities and other payables	65	(448)
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Cash generated from / (used in) operations	794	(279)
Interest paid	(97)	(54)
Hong Kong profits tax paid	(17)	(16)
Overseas profits tax paid	(25)	–
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Net cash generated from / (used in) operating activities	655	(349)

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	Notes	<u>2006</u> HK\$ million	<u>2005</u> HK\$ million
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES		<u>655</u>	<u>(349)</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(176)	(62)
Purchase of associates		-	(203)
Purchase of additional interests in associates		(8)	-
Purchase of additional interests in subsidiaries	36(a)	21	(28)
Acquisition of subsidiaries	36(c)(ii)	6	-
Payments for other assets		(2)	(15)
Purchase of investment properties		(229)	-
Purchase of investments available-for-sale		(92)	-
(Increase) / decrease in pledged deposits with banks		(1)	11
Interest received		26	6
Proceeds from disposal of property, plant and equipment		5	6
Proceeds from disposal of investments available-for-sale		1	-
Proceeds from disposal of investment properties		8	-
Partial disposal of subsidiaries	36(b)	<u>23</u>	<u>-</u>
Net cash used in investing activities		<u>(418)</u>	<u>(285)</u>
FINANCING ACTIVITIES			
Dividend paid to minority interests		(21)	(24)
Dividends paid		(110)	(143)
Capital element of finance lease rental payments		(11)	(9)
Issue of exchangeable bonds by a subsidiary		388	-
New secured bank loans		239	342
New unsecured bank loans		147	125
Repayment of secured bank loans		(289)	(145)
Repayment of unsecured bank loans		(120)	(17)
(Decrease) / increase in trust receipt loans		<u>(238)</u>	<u>244</u>
Net cash (used in) / generated from financing activities		<u>(15)</u>	<u>373</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>222</u>	<u>(261)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>(168)</u>	93
Effect of foreign exchange rate changes, net		<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>54</u>	<u>(168)</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		701	670
Unsecured bank overdrafts		<u>(647)</u>	<u>(838)</u>
		<u>54</u>	<u>(168)</u>