

consolidated cash flow statement

Year ended 31 December 2006

HK\$ million	Notes	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		387	271
Adjustments for:			
Finance costs	7	40	23
Interest income	5, 6	(39)	(8)
Depreciation	6	128	122
Equity-settled share option expense	8	2	—
Amortisation of prepaid land lease payments	6	5	5
Goodwill impairment	6	21	7
Amortisation of deferred expenditure	6	47	30
Impairment of trade receivables	6	8	15
Write off of deferred development costs	6	15	8
Fair value gain on investment properties	6	(39)	—
Write off of items of property, plant and equipment	6	11	1
(Gain)/loss on disposal of items of property, plant and equipment, net	6	(1)	1
Impairment loss on items of property, plant and equipment	6	—	1
Reversal of impairment losses on properties	6	—	(66)
Write-down of inventories to net realisable value	6	46	8
Fair value (gain)/loss on financial assets at fair value through profit or loss	6	(13)	2
Gain on disposal of available-for-sale financial assets	6	(318)	—
Impairment loss on available-for-sale financial assets	6	—	2
Loss on disposal of held-to-maturity financial assets	6	1	—
Gain on deemed acquisition of minority interests upon conversion of convertible notes	6	(30)	—
Gain on disposal and deemed disposal of interest in an associate	6	—	(109)
Net gain on disposal of subsidiaries	6	—	(42)
Fair value loss on derivative financial instrument	6	21	—
		292	271
Decrease/(increase) in inventories		15	(87)
Increase in trade and bills receivables		(5)	(59)
Decrease/(increase) in prepayments, deposits and other receivables		10	(19)
(Decrease)/increase in trade and bills payables and other payables and accruals		(71)	94
Cash generated from operations		241	200
Interest received		31	8
Interest paid		(34)	(18)
Hong Kong profits tax paid		(23)	(16)
Net cash inflow from operating activities		215	174



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Net cash inflow from operating activities		215	174
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(126)	(197)
Proceeds from disposal of items of property, plant and equipment		7	4
Purchases of investment properties		(147)	—
Proceeds from disposal of investment properties		—	3
Additions to prepaid land lease payments		(10)	—
Additions to intangible assets		(53)	(55)
Acquisition of subsidiaries	38	4	—
Disposal of interest in an associate		—	96
Acquisition of minority interests		—	(144)
Proceeds from disposal of held-to-maturity financial assets		15	—
Purchases of financial assets at fair value through profit or loss		(156)	(16)
Proceeds from disposal of available-for-sale financial assets		557	—
(Increase)/decrease in pledged time deposits		(17)	46
Net cash inflow/(outflow) from investing activities		74	(263)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		—	31
New bank loans		236	117
Net repayment of trust receipts loans		(40)	(2)
Repayment of bank loans		(110)	(72)
Capital element of finance lease rental payments		(7)	(7)
Dividends paid		(31)	(220)
Net cash inflow/(outflow) from financing activities		48	(153)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		528	832
Effect of initial adoption of HKAS 39		—	(62)
CASH AND CASH EQUIVALENTS AT END OF YEAR			
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	26	419	411
Non-pledged time deposits with original maturity of less than three months when acquired	26	446	117
		865	528