

Consolidated Cash Flow Statement

For the year ended 31st December 2001

	Note	2001 <u>HK\$'000</u>	2000 <u>HK\$'000</u>
OPERATING ACTIVITIES			
Net cash inflow from operating activities	a	<u>73,975</u>	<u>75,626</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		1,704	2,895
Interest paid		(4,959)	(9,346)
Dividend received from an associated company		432	532
Dividend received from a joint venture		5,065	2,764
Dividend paid		<u>(2,707)</u>	<u>–</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>(465)</u>	<u>(3,155)</u>
TAXATION			
Net Hong Kong profits tax refund/(paid)		34	(314)
Overseas tax paid		<u>(11,954)</u>	<u>(6,241)</u>
TAX PAID		<u>(11,920)</u>	<u>(6,555)</u>
INVESTING ACTIVITIES			
Purchase of fixed assets		(12,007)	(24,916)
Construction in progress		(48,474)	(22,875)
Proceeds on disposal of fixed assets		1,360	722
Purchase of subsidiaries	e	(6,976)	(26,847)
Purchase from a minority shareholder of a shareholder's loan receivable from a subsidiary	a&b	(4,367)	–
Purchase of other investments		(1,198)	–
Proceeds on disposal of interests in other investments		2,910	2,222
Repayment of loan receivable by a minority shareholder	b	5,115	–
Proceeds on disposal of interests in a joint venture		<u>–</u>	<u>2,909</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(63,637)</u>	<u>(68,785)</u>
NET CASH OUTFLOW BEFORE FINANCING		<u>(2,047)</u>	<u>(2,869)</u>

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		<u>2001</u>	<u>2000</u>
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
FINANCING			
Issue of new ordinary shares		101,504	71
Share issue expenses		(3,895)	–
New bank loans		20,580	6,840
Repayment of bank loans		(65,492)	(21,961)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING	<i>b</i>	52,697	(15,050)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		50,650	(17,919)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		52,318	70,318
EFFECT OF FOREIGN EXCHANGE RATE CHANGE		(48)	(81)
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>102,920</u>	<u>52,318</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		60,104	50,330
Bank deposits		47,452	15,453
Bank overdrafts		(4,636)	(13,465)
		<u>102,920</u>	<u>52,318</u>

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a. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation	51,668	48,805
Depreciation of fixed assets	27,594	26,935
(Gains)/losses on disposal of fixed assets	(124)	233
Share of profits of		
– associated company	(3,167)	(4,115)
– joint ventures	(11,942)	(12,165)
Revaluation deficit on investment properties	4,042	9,917
Decrease/(increase) in inventories	1,016	(7,355)
Decrease in trade and other receivables	13,095	4,231
(Decrease)/increase in trade and other payables	(6,109)	3,067
Decrease in amounts due by an associated company	201	339
Increase in amounts due by joint ventures	(404)	(45)
Gains on disposal of interests in other investments	(2,910)	(2,222)
Net interest expenses	3,325	6,421
Loss on partial disposal of a subsidiary	8	–
Negative goodwill recognised as income	(854)	–
Amortisation of goodwill	548	–
Write off construction in progress	15	–
Gain on purchase from a minority shareholder of a shareholder's loan receivable from a subsidiary	(806)	–
Increase in net investment in finance lease	(1,221)	–
Profit on disposal of interests in a joint venture	–	(2,994)
Provision for diminution in value of other investments	–	1,500
Impairment in value of fixed assets	–	2,159
Write off of fixed assets and other current assets of a subsidiary	–	915
Net cash inflow from operating activities	<u>73,975</u>	<u>75,626</u>

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b. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital (including premium) HK\$'000	Bank Loans HK\$'000	Minority Interests HK\$'000
Balance at 1st January 2000	102,411	137,770	64,685
Effect of foreign exchange rate changes	–	(9,997)	(359)
Purchase of subsidiaries (note d)	–	–	(49,390)
Cash inflow/(outflow) from financing	71	(15,121)	–
Minority interests' share of profit	–	–	1,954
Reclassification of loan to minority interests on purchase of subsidiaries	–	–	(320)
Share of investment property revaluation surplus by minority interests	–	–	274
Balance at 31st December 2000 and 1st January 2001	102,482	112,652	16,844
Effect of foreign exchange rate changes	–	–	(48)
Purchase of subsidiaries (note d)	–	–	(3,526)
Purchase from a minority shareholder of a shareholder's loan receivable from a subsidiary	–	–	(5,173)
Repayment of loan from a minority shareholder	–	–	5,115
Cash inflow/(outflow) from financing	97,609	(44,912)	–
Minority interests' share of profit	–	–	3,015
Partial disposal of a subsidiary	–	–	10
Share of investment property revaluation surplus by minority interests	–	–	383
Balance at 31st December 2001	200,091	67,740	16,620

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c. MAJOR NON-CASH TRANSACTIONS

During the year the Group entered into finance lease arrangements in respect of sales with a total value at the inception of the leases of HK\$1,964,000 (2000: Nil).

d. PURCHASE OF SUBSIDIARIES

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Net assets acquired on purchase of a new subsidiary		
– Fixed assets	2,150	–
– Construction in progress	411	–
– Inventories	164	–
– Trade and other receivables	1,611	–
– Cash and bank balances	1,052	–
– Trade and other payables	(964)	–
Further acquisition of interests from minority shareholders	3,526	49,390
	7,950	49,390
Positive goodwill (<i>note 11</i>)	6,572	–
Negative goodwill (<i>note 11</i>)	(3,450)	–
Capital reserve on consolidation	–	(22,543)
	<u>11,072</u>	<u>26,847</u>
Satisfied by:		
Cash	8,028	26,847
Other payables	3,044	–
	<u>11,072</u>	<u>26,847</u>

e. ANALYSIS OF THE NET CASH OUTFLOW IN RESPECT OF THE PURCHASE OF SUBSIDIARIES

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Cash consideration	8,028	26,847
Cash and bank balances acquired	(1,052)	–
Net cash outflow in respect of the purchase of subsidiaries	<u>6,976</u>	<u>26,847</u>