

Notes to Consolidated Cash Flow Statement

a Purchase of Subsidiary Companies

In 2006, the Group's main 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
<i>Purchase consideration</i>	
Cash paid	1,815
Amount due to a jointly controlled entity	(23)
Total purchase consideration	1,792
Fair value of net assets acquired	(1,273)
Goodwill	519

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

a Purchase of Subsidiary Companies *continued*

<i>in HK\$ million</i>	2006
Net Assets Acquired	
Property, plant and equipment	140
Intangible assets	1,737
Inventories	87
Debtors, accounts receivable, deposits and prepayments	102
Cash and bank deposits	94
Assets	2,160
Bank loans	(94)
Creditors, accounts payable, deposits and accruals	(273)
Minority interests	(13)
Deferred tax liabilities	(507)
Liabilities	(887)
	1,273
Less: Interest in a jointly controlled entity	(9)
Goodwill	519
	1,783
<i>Satisfied by</i>	
Cash	1,815
Amount due to a Jointly Controlled Entity	(32)
	1,783
Analysis of the net outflow of cash and cash equivalents in respect of the purchase of subsidiary companies	
<i>in HK\$ million</i>	2006
Cash consideration	1,815
Cash and bank deposits acquired	(94)
	1,721

b Disposal of Subsidiary Companies

<i>in HK\$ million</i>	2007	2006
Net Assets Disposed		
Leasehold land	–	164
Property, plant and equipment	65	13
Properties under development	–	819
Intangible assets	48	–
Associated companies	1	4,862
Inventory	1	–
Debtors, accounts receivable, deposits and prepayments	34	5
Cash and bank deposits	53	–
Creditors, accounts payable, deposits and accruals	(326)	(34)
Minority interests	(6)	(3)
Goodwill	–	22
	(130)	5,848
Profit on disposal	43	1,271
Release of reserve	64	–
	(23)	7,119
<i>Satisfied by</i>		
Cash	108	7,119
Accounts Payable	(131)	–
	(23)	7,119

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

<i>in HK\$ million</i>	2007	2006
Cash consideration	108	7,119
Cash and bank deposits disposed of	(53)	–
	55	7,119

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

<i>in HK\$ million</i>	2007	2006
Bank loans, other loans and overdrafts	3,654	1,689
Bank loans and other loans	(3,626)	(1,644)
Bank overdrafts	28	45