

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2005

| | Notes | 2005 HK\$'000 | 2004 HK\$'000 (Restated) |
|---|-------|------------------|--------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | 370,931 | 362,939 |
| Adjustments for: | | | |
| Finance costs | 7 | 9,481 | 7,944 |
| Share of profits and losses of jointly-controlled entities and associates | | (45,059) | (21,828) |
| Interest income | 5 | (30,294) | (14,451) |
| Depreciation | 6 | 123,865 | 111,639 |
| Recognition of prepaid land lease payments | 6 | 409 | 409 |
| Amortisation of permanent quota | 6 | - | 2,085 |
| Impairment/(reversal of impairment) of items of property, plant and equipment | 6 | (105) | 1,094 |
| Write-down/(write-back) of inventories to net realisable value | 6 | 16,368 | (17,758) |
| Loss on disposal/write-off of items of property, plant and equipment | 6 | 25,204 | 7,113 |
| Gain on disposal of permanent quota | 6 | - | (42) |
| Loss on disposal of an associate | 6 | - | 714 |
| Fair value gains, net: | | | |
| Equity investments at fair value through profit or loss | | (7,050) | - |
| Net revaluation deficit/(surplus) on buildings | 6 | (213) | 2,685 |
| Impairment of interest in associates | 6 | 11,106 | - |
| Change in fair value of an investment property | 6 | (600) | (250) |
| Effect of foreign exchange rate changes, net | | (1,044) | 4,236 |
| Operating profit before working capital changes | | 472,999 | 446,529 |
| Decrease/(increase) in amounts due from jointly-controlled entities | | (1,496) | 1,051 |
| Increase/(decrease) in amounts due to jointly-controlled entities | | 6,111 | (4,376) |
| Decrease/(increase) in amounts due from associates | | (300) | 2,802 |
| Decrease in amounts due to associates | | (1,946) | (7,213) |
| Increase in inventories | | (13,697) | (33,829) |
| Decrease/(increase) in trade and bills receivables | | (50,687) | 124,257 |
| Decrease/(increase) in prepayments, deposits and other receivables | | 6,170 | (24,755) |
| Increase in equity investments at fair value through profit or loss | | (52,475) | - |
| Decrease/(increase) in amounts due from related companies | | 13,905 | (13,398) |
| Increase/(decrease) in trade and bills payables | | 98,960 | (25,572) |
| Increase/(decrease) in other payables and accruals | | (35,496) | 87,249 |
| Cash generated from operations | | 442,048 | 552,745 |

GLORIOUS SUN ENTERPRISES LIMITED
ANNUAL REPORT 2005

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

Year ended 31 December 2005

| | Notes | 2005 HK\$'000 | 2004 HK\$'000 (Restated) |
|--|-------|------------------|--------------------------------|
| Cash generated from operations | | 442,048 | 552,745 |
| Interest received | 5 | 30,294 | 14,451 |
| Interest paid | 7 | (9,307) | (7,819) |
| Interest element on finance lease rental payments | 7 | (174) | (125) |
| Dividend received from jointly-controlled entities | | 2,092 | 1,694 |
| Dividend received from associates | | 33,859 | 13,623 |
| Hong Kong profits tax paid | | (28,580) | (13,353) |
| Overseas taxes paid | | (32,824) | (12,224) |
| | | <hr/> | <hr/> |
| Net cash inflow from operating activities | | 437,408 | 548,992 |
| | | <hr/> | <hr/> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of items of property, plant and equipment | | (280,962) | (123,520) |
| Additions to permanent quota | | - | (920) |
| Proceeds from disposal of items of property, plant and equipment | | 2,349 | 2,720 |
| Proceeds from disposal of permanent quota | | - | 42 |
| Investments in associates | | - | (1,275) |
| Disposal of an associate | | - | 600 |
| Advance of a loan to associates | | (50,447) | (43,032) |
| Increase in non-pledged time deposits with original maturity of more than three months when acquired | | (11,989) | - |
| Decrease in pledged deposits | | - | 15,433 |
| | | <hr/> | <hr/> |
| Net cash outflow from investing activities | | (341,049) | (149,952) |
| | | <hr/> | <hr/> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares | 31 | 95,039 | - |
| Share issue expenses | 31 | (18) | - |
| New bank loans | | 3,014 | 39,210 |
| Repayment of bank loans | | (44,041) | (93,045) |
| Capital element of finance lease rental payments | | (1,689) | (1,938) |
| Capital contributed by a minority shareholder | | - | 496 |
| Dividends paid | | (135,758) | (102,060) |
| Dividends paid to minority shareholders | | (49,887) | (89,821) |
| Increase/(decrease) in trust receipt loans | | 48,515 | (26,029) |
| | | <hr/> | <hr/> |
| Net cash outflow from financing activities | | (84,825) | (273,187) |
| | | <hr/> | <hr/> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 11,534 | 125,853 |
| | | <hr/> | <hr/> |

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

Year ended 31 December 2005

| | <i>Notes</i> | 2005 HK\$'000 | 2004 <i>HK\$'000</i> (Restated) |
|---|--------------|--------------------------------|---------------------------------------|
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 11,534 | 125,853 |
| Cash and cash equivalents at 1 January | | 1,239,238 | 1,111,431 |
| Effect of foreign exchange rate changes, net | | (7,694) | 1,954 |
| CASH AND CASH EQUIVALENTS AT 31 DECEMBER | | <u>1,243,078</u> | <u>1,239,238</u> |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | 24 | 497,650 | 523,313 |
| Non-pledged time deposits with original maturity of less than three months when acquired | | 756,558 | 728,552 |
| Bank overdrafts | 27 | (11,130) | (12,627) |
| | | <u>1,243,078</u> | <u>1,239,238</u> |