

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2005

(Expressed in Hong Kong dollars)

*Tan Chong International Limited*

|   | 2005<br>\$'000 | 2004<br>(restated)<br>\$'000 |
|---|----------------|------------------------------|
| <b>Operating activities</b>   |                |                              |
| Profit from operations  | 545,919        | 391,646                      |
| Adjustments for:  |                |                              |
| - Depreciation  | 61,638         | 58,384                       |
| - Impairment of goodwill  | 7,008          | 6,927                        |
| - Amortisation of lease prepayments #                                   | 2,913          | 2,881                        |
| - Gain on sale of property, plant and equipment                         | (7,597)        | (6,546)                      |
| - Gain on sale of unlisted equity securities                            | (37,646)       | -                            |
| - Loss on sale of investment properties                                 | 921            | -                            |
| - Valuation losses on investment properties #                           | 17,719         | 775                          |
| - (Increase)/decrease in fair value of listed equity securities         | (12,899)       | 2,121                        |
| - Impairment of unlisted debt securities                                | -              | 11,587                       |
| - Impairment of unlisted equity securities                              | -              | 14,916                       |
| - Interest income   | (19,679)       | (14,133)                     |
| - Dividend income   | (17,686)       | (1,757)                      |
| - Foreign exchange loss/(gain)  | 6,959          | (2,315)                      |
| <b>Operating profit before changes in working capital</b>               | <b>547,570</b> | <b>464,486</b>               |
| Decrease/(increase) in amounts due from associates                      | 202            | (290)                        |
| Decrease/(increase) in hire purchase debtors and instalments receivable | 35,339         | (845)                        |
| (Increase)/decrease in inventories                                      | (222,575)      | 113,379                      |
| Decrease in property held for sale                                      | 18,535         | -                            |
| Increase in trade debtors   | (32,465)       | (44,071)                     |
| Increase in other debtors, deposits and prepayments                     | (28,928)       | (12,064)                     |
| Increase in trade creditors   | 39,816         | 3,286                        |
| Increase in other creditors and accruals                                | 10,623         | 39,378                       |
| (Decrease)/increase in amounts due to related companies                 | (55)           | 1,481                        |
| Increase in provisions  | 155            | 3,330                        |
| <b>Cash generated from operations</b>                                   | <b>368,217</b> | <b>568,070</b>               |
| Interest paid   | (15,608)       | (7,877)                      |
| Taxes paid  | (86,083)       | (78,587)                     |
| Effect of exchange differences  | (3,719)        | (694)                        |
| <b>Net cash generated from operating activities</b>                     | <b>262,807</b> | <b>480,912</b>               |

# The changes in these balances are quantified after taking into account the opening balance adjustments made at 1 January 2005. The opening balance adjustments result from the changes in accounting policies as described in note 2.

# CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

for the year ended 31 December 2005  
(Expressed in Hong Kong dollars)

*Tan Chong International Limited*

|   | Note | 2005<br>\$'000 | 2004<br>(restated)<br>\$'000 |
|---|------|----------------|------------------------------|
| <b>Cash flows from investing activities</b>                   |      |                |                              |
| Proceeds from sale of property, plant and equipment           |      | 21,325         | 28,721                       |
| Proceeds from sale of unlisted equity securities              |      | 49,265         | -                            |
| Proceeds from sale of unlisted debt securities                |      | -              | 323,876                      |
| Dividends received from associates                            |      | 7,193          | 4,627                        |
| Dividends received from listed equity securities              |      | 808            | 871                          |
| Dividends received from unlisted equity securities            |      | 16,878         | 886                          |
| Purchase of property, plant and equipment                     |      | (183,025)      | (130,507)                    |
| Additions to property under development                       |      | (37,166)       | (132,558)                    |
| Interest received   |      | 19,690         | 14,093                       |
| Proceeds from sale of investment properties                   |      | 2,761          | -                            |
| Payment for interest in an associate                          |      | (4,056)        | (171,808)                    |
| Payment for purchase of a subsidiary                          | 34   | -              | (718,880)                    |
| <b>Net cash used in investing activities</b>                  |      | (106,327)      | (780,679)                    |
| <b>Cash flows from financing activities</b>                   |      |                |                              |
| Proceeds from drawdown of borrowings                          |      | 35,110         | 348,669                      |
| Dividends paid to shareholders                                |      | (120,798)      | (100,666)                    |
| Capital contribution from minority shareholders               |      | 14,198         | 11,584                       |
| <b>Net cash (used in)/generated from financing activities</b> |      | (71,490)       | 259,587                      |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   |      | 84,990         | (40,180)                     |
| <b>Cash and cash equivalents at 1 January</b>                 |      | 902,450        | 911,663                      |
| <b>Effect of foreign exchange rate changes</b>                |      | (15,092)       | 30,967                       |
| <b>Cash and cash equivalents at 31 December</b>               | 24   | 972,348        | 902,450                      |

The notes on pages 31 to 79 form part of these financial statements.