

# Consolidated Cash Flow Statement

(Prepared under Hong Kong accounting standards)

Year ended 31 December 2004

|  | Notes    | 2004<br>RMB'000    | 2003<br>RMB'000 |
|--|----------|--------------------|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                            |          |                    |                 |
| Profit before tax  |          | <b>4,065,876</b>   | 2,864,232       |
| Adjustments for:   |          |                    |                 |
| Finance costs  | 7        | <b>225,284</b>     | 105,027         |
| Share of profits and losses of associates                              |          | <b>958</b>         | –               |
| Interest income  | 5, 6     | <b>(24,236)</b>    | (15,528)        |
| Dividend income from a long term unlisted investment                   | 6        | <b>(1,105)</b>     | –               |
| Depreciation   | 6        | <b>1,810,490</b>   | 1,067,207       |
| Amortisation of deferred staff costs                                   | 6        | –                  | 70,400          |
| Transfer of deferred income  | 5, 6     | <b>(38,379)</b>    | (3,606)         |
| Unrealised gain on changes in fair values of short term investments    | 6        | –                  | (2,263)         |
| Reversal of impairment provision for fixed assets                      | 6        | <b>(15,412)</b>    | (63,554)        |
| Loss on disposal of fixed assets, net                                  | 6        | <b>11,078</b>      | 47,260          |
| Loss on deemed disposal of a subsidiary                                | 6        | –                  | 1,491           |
| Loss on disposal of subsidiaries                                       | 6, 31(a) | –                  | 9,139           |
| Provision for inventories  | 6        | <b>10,402</b>      | 6,602           |
| Provision/(reversal of provision) for doubtful debts, net              | 6        | <b>(18,194)</b>    | 9,570           |
| Exchange losses, net   | 6        | <b>197,183</b>     | 52,792          |
|  |          | <hr/>              | <hr/>           |
| Operating profit before working capital changes                        |          | <b>6,223,945</b>   | 4,148,769       |
| Increase in inventories  |          | <b>(2,384,792)</b> | (743,170)       |
| (Increase)/decrease in trade and bill receivables                      |          | <b>133,822</b>     | (1,516,108)     |
| (Increase)/decrease in prepayments, deposits and other receivables     |          | <b>431,167</b>     | (526,978)       |
| Increase in trade and bill payables                                    |          | <b>348,599</b>     | 1,099,782       |
| Increase in other payables and accruals                                |          | <b>2,075,618</b>   | 1,076,131       |
| Movement in provisions for pension benefits and housing subsidies, net |          | <b>(82,186)</b>    | 182,989         |
|  |          | <hr/>              | <hr/>           |
| Cash generated from operations   |          | <b>6,746,173</b>   | 3,721,415       |
| Income tax paid  |          | <b>(332,897)</b>   | (152,728)       |
|  |          | <hr/>              | <hr/>           |
| Net cash inflow from operating activities                              |          | <b>6,413,276</b>   | 3,568,687       |

# Consolidated Cash Flow Statement (continued)

(Prepared under Hong Kong accounting standards)

Year ended 31 December 2004

|  | Notes | 2004<br>RMB'000         | 2003<br>RMB'000         |
|--|-------|-------------------------|-------------------------|
| Net cash inflow from operating activities                                  |       | <u>6,413,276</u>        | <u>3,568,687</u>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                |       |                         |                         |
| Interest received  |       | 24,236                  | 15,528                  |
| Dividend income from a long term unlisted investment                       |       | 1,105                   | –                       |
| Purchases of fixed assets and additions to construction in progress        |       | (4,380,466)             | (5,623,975)             |
| Proceeds from disposal of fixed assets                                     |       | 32,521                  | 15,561                  |
| Purchases of long term investments   |       | (400)                   | (10,000)                |
| Disposal of long term investments  |       | 2,660                   | 5,419                   |
| Investments in associates  |       | (4,000)                 | (146,976)               |
| Disposal of subsidiaries   | 31(a) | –                       | (2,039)                 |
| Acquisition of a subsidiary  | 31(b) | (11,511)                | –                       |
| Retrieval of overdue fixed deposits  |       | 43,287                  | 1,597                   |
| Decrease in time deposits with original maturity of more than three months |       | 50,000                  | 354                     |
| Increase in pledged time deposits  |       | –                       | (360)                   |
| Decrease in pledged deposits   |       | <u>1,206</u>            | <u>26,590</u>           |
| Net cash outflow from investing activities                                 |       | <u>(4,241,362)</u>      | <u>(5,718,301)</u>      |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                |       |                         |                         |
| New bank and other borrowings  |       | 1,468,468               | 5,332,418               |
| Repayment of bank borrowings   |       | (2,165,880)             | (1,536,332)             |
| Government subsidies granted for specific construction projects            |       | –                       | 55,980                  |
| Capital contribution by minority shareholders                              |       | 20,479                  | 32,756                  |
| Interest paid  |       | (294,448)               | (161,811)               |
| Dividend paid  |       | (1,355,613)             | (225,936)               |
| Dividend paid to minority shareholders                                     |       | (929)                   | –                       |
| Net cash inflow/(outflow) from financing activities                        |       | <u>(2,327,923)</u>      | <u>3,497,075</u>        |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>                |       |                         |                         |
|  |       | <b>(156,009)</b>        | <b>1,347,461</b>        |
| Cash and cash equivalents at beginning of year                             |       | 2,261,629               | 890,172                 |
| Effect of foreign exchange rate changes, net                               |       | <u>7,256</u>            | <u>23,996</u>           |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                            |       | <u><b>2,112,876</b></u> | <u><b>2,261,629</b></u> |

# Consolidated Cash Flow Statement (continued)

(Prepared under Hong Kong accounting standards)

Year ended 31 December 2004

|  | Notes     | 2004<br>RMB'000  | 2003<br>RMB'000  |
|--|-----------|------------------|------------------|
| <b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>                                 |           |                  |                  |
| Cash and bank balances   | 31(d)     | <u>2,112,876</u> | <u>2,261,629</u> |
| <b>RECONCILIATION OF BALANCES OF CASH AND CASH EQUIVALENTS TO CASH AND BANK BALANCES</b> |           |                  |                  |
| Cash and balances with financial institutions, net of provision                          | 24        | 2,181,496        | 2,418,294        |
| Less: Non-pledged time deposits with original maturity of more than three months         | 24        | (60,000)         | (146,822)        |
| Pledged deposits   | 24, 31(c) | –                | (1,206)          |
| Pledged time deposits  | 24, 31(c) | <u>(8,620)</u>   | <u>(8,637)</u>   |
|  |           | <u>2,112,876</u> | <u>2,261,629</u> |