

AUDITED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2006

	Attributable to equity holders of the parent						Total	Minority interests	Total equity
	Issued capital	Capital reserve	Statutory surplus reserve	Statutory public welfare fund	Retained profits	Proposed final dividend			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2005									
As previously reported	875,453	3,424,199	199,390	193,549	1,158,396	218,863	6,069,850	90,308	6,160,158
Opening adjustment:									
Derecognition of negative goodwill	—	—	—	—	23,548	—	23,548	—	23,548
As restated	875,453	3,424,199	199,390	193,549	1,181,944	218,863	6,093,398	90,308	6,183,706
Final 2004 dividend declared	—	—	—	—	—	(218,863)	(218,863)	—	(218,863)
Dividend paid to minority shareholders	—	—	—	—	—	—	—	(1,889)	(1,889)
Issue of domestic shares	250,000	2,460,000	—	—	—	—	2,710,000	—	2,710,000
Profit for the year	—	—	—	—	1,242,473	—	1,242,473	5,921	1,248,394
Proposed final 2005 dividend	—	—	—	—	(323,005)	323,005	—	—	—
Transfer from retained profits to capital reserve	—	587	—	—	(587)	—	—	—	—
Transfer from retained profits	—	—	125,813	124,211	(250,024)	—	—	—	—
At 31 December 2005	1,125,453	5,884,786	325,203	317,760	1,850,801	323,005	9,827,008	94,340	9,921,348

	Attributable to equity holders of the parent								
	Issued capital	Capital reserve	Statutory	Statutory	Proposed		Total	Minority interests	Total equity
			surplus reserve	public welfare fund	Retained profits	final dividend			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006	1,125,453	5,884,786	325,203	317,760	1,850,801	323,005	9,827,008	94,340	9,921,348
Dividend relating to additional issuance of shares (a)	—	—	—	—	(19,785)	19,785	—	—	—
Final 2005 dividend declared	—	—	—	—	—	(342,790)	(342,790)	—	(342,790)
Dividend paid to minority shareholders	—	—	—	—	—	—	—	(5,699)	(5,699)
Transfer of the statutory public welfare fund to the statutory surplus reserve (b)	—	—	317,760	(317,760)	—	—	—	—	—
Issue of additional H shares	68,936	791,174	—	—	—	—	860,110	—	860,110
Share issue expenses	—	(1,994)	—	—	—	—	(1,994)	—	(1,994)
Profit for the year	—	—	—	—	1,685,405	—	1,685,405	5,421	1,690,826
Proposed final 2006 dividend (note 13(b))	—	—	—	—	(525,531)	525,531	—	—	—
Transfer from retained profits to capital reserve (c)	—	4,086	—	—	(4,086)	—	—	—	—
Transfer from retained profits	—	—	176,474	—	(176,474)	—	—	—	—
At 31 December 2006	1,194,389	6,678,052 ^(d)	819,437 ^(d)	— ^(d)	2,810,330 ^(d)	525,531 ^(d)	12,027,739	94,062	12,121,801

- (a) On 4 April 2006, the board of directors resolved to propose a final dividend of RMB0.287 per share based on the number of ordinary shares in issue of 1,125,452,500 amounting to RMB323 million. During the annual general meeting held on 6 June 2006, the shareholders approved the final dividend of RMB0.287 per share based on the number of ordinary shares in issue of 1,194,389,000 as shown on the Register of Members on 4 May 2006, including additional issuance of 68,936,500 H shares issued on 10 March 2006 with the additional dividend amounting to RMB19.8 million. The final 2005 dividend was then declared and amounted to RMB343 million.
- (b) Pursuant to the revised The People's Republic of China Company Law ("PRC Company Law") which was approved on 27 October 2005 and the Notice of Caiqi [2006]67 dated 15 March 2006 issued by the Ministry of Finance, appropriation to the statutory public welfare fund is no longer needed with effect from 1 January 2006, and the balance of the statutory public welfare fund is required to be transferred to the statutory surplus reserve.
- (c) One of the subsidiaries, Binzhou Weiqiao Technology Industrial Park Company Limited ("Binzhou Industrial Park"), has received government grants of approximately RMB106 million (note 30) which were credited to the capital reserve in accordance with the accounting principles generally accepted in the People's Republic of China ("PRC GAAP") as a non-distributable reserve. In accordance with HKAS 20, such government grants were treated as deferred income and recognised in the consolidated income statement over the expected useful lives of the relevant items of property, plant and equipment to which the grants were related by equal annual instalments. The Group's share of deferred income recognised in the consolidated income statement during the year was then transferred to the capital reserve.
- (d) These reserve accounts comprise the consolidated reserves of RMB10,833,350,000 in the consolidated balance sheet as at 31 December 2006.