

Consolidated Cash Flow Statement

Year ended 31 December 2006

| | Notes | 2006 RMB'000 | 2005 RMB'000 |
|---|-------|------------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax from continuing operations | | 1,068,222 | 868,764 |
| Profit before tax from the discontinued operation | | – | 332 |
| Adjustments for: | | | |
| Finance income | 7 | (126,154) | (70,305) |
| Finance costs | 7 | 65,404 | – |
| Fair value gain on the derivative component of convertible bonds | 6 | (93,519) | – |
| Depreciation | 6 | 115,186 | 52,381 |
| Loss on disposal of items of property, plant and equipment | 6 | 4,925 | 62 |
| Loss on disposal of subsidiaries | 6 | – | 6,960 |
| Fair value (gain)/loss on investment properties | 6 | (1,029) | 100 |
| Excess over the cost of a business combination | 4(b) | – | (6,415) |
| Amortisation of intangible assets | 6 | 2,591 | 8 |
| Transaction cost related to the derivative component of convertible bonds | 6 | 2,731 | – |
| | | 1,038,357 | 851,887 |
| Increase in Hong Kong listed investments, at fair value | | (47) | (10) |
| Increase in inventories | | (1,069,555) | (1,591,261) |
| (Increase)/decrease in trade and bills receivables | | (826) | 9,705 |
| (Increase)/decrease in prepayments, deposits and other receivables | | 83,104 | (279,620) |
| (Increase)/decrease in amounts due from related parties | | (91,631) | 184,354 |
| Decrease in client trust bank balances | | – | 10,947 |
| Increase in pledged deposits | | (2,508,503) | (2,231,805) |
| Increase in trade and bills payables | | 2,286,740 | 3,617,115 |
| Increase in customers' deposits, other payables and accruals | | 366,636 | 218,614 |
| Increase in an amount due to a related party | | 120,481 | – |
| | | 224,756 | 789,926 |
| Cash generated from operations | | 224,756 | 789,926 |
| Interest received | | 105,221 | 70,305 |
| Interest paid | | (9,079) | – |
| Dividends paid | | (417,136) | (265,368) |
| Hong Kong profits tax paid | | – | (6,139) |
| PRC income tax paid | | (29,772) | (65,932) |
| | | (126,010) | 522,792 |
| Net cash inflow/(outflow) from operating activities | | (126,010) | 522,792 |

Consolidated Cash Flow Statement (continued)

Year ended 31 December 2006

| | <i>Notes</i> | 2006 RMB'000 | 2005 <i>RMB'000</i> |
|--|--------------|-------------------------------|------------------------|
| Net cash inflow/(outflow) from operating activities | | (126,010) | 522,792 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of items of property, plant and equipment | | (278,035) | (549,232) |
| Proceeds from disposal of items of property, plant and equipment | | 3,807 | 2,710 |
| Acquisition of subsidiaries | 33 | 361,749 | (247,500) |
| Acquisition of minority interests | 1 | (1,019,700) | – |
| Transaction costs of the acquisition | 33 | (71,684) | – |
| Disposal of subsidiaries, net | | – | (107,363) |
| Increase in other financial assets | | – | (161,000) |
| Decrease in a liability directly associated with assets classified as held for sale | | – | (30,000) |
| Net cash outflow from investing activities | | (1,003,863) | (1,092,385) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Issue of convertible bonds | 27 | 999,950 | – |
| Issue of warrants | 28 | 24,102 | – |
| Transaction costs for issuing convertible bonds and warrants | | (10,710) | – |
| Share issue costs | | (14,476) | – |
| New bank loans | | 507,000 | – |
| Net cash inflow from financing activities | | 1,505,866 | – |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 375,993 | (569,593) |
| Cash and cash equivalents at beginning of year | | 1,079,347 | 1,659,094 |
| Exchange differences | | (3,503) | (10,154) |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | 1,451,837 | 1,079,347 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | 24 | 1,372,455 | 776,296 |
| Non-pledged time deposits with original maturity of less than three months when acquired | 24 | 79,382 | 303,051 |
| | | 1,451,837 | 1,079,347 |

Note: Further details of the major non-cash transactions are set out in note 1 to the consolidated financial statements.