

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2006

| | Notes | 2006 RMB'000 | 2005 RMB'000 |
|--|-------|-----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit/(loss) before tax | | 87,467 | (77,482) |
| Adjustments for: | | | |
| Finance costs | 7 | 16,593 | 11,186 |
| Share of profits and losses of associates | | (1,827) | 6,955 |
| Interest income | 5, 6 | (34,902) | (34,442) |
| Gain on disposal of items of property, plant and equipment, net | 5, 6 | (3,953) | (167) |
| Gain on disposal of a subsidiary | 5, 6 | — | (735) |
| Gain on disposal of an associate | 5, 6 | — | (11,000) |
| Depreciation | 6 | 97,364 | 84,938 |
| Amortisation of prepaid land premiums | 6, 15 | 553 | 188 |
| Impairment and reversal of impairment of construction in progress, net | 6 | (5,335) | 6,990 |
| Impairment and reversal of impairment of items of property, plant and equipment, net | 6 | 12,928 | 12,661 |
| Dividend income from unlisted investments | 5, 6 | (665) | (156) |
| Dividend income from listed investments | 5, 6 | (2,000) | — |
| Provision for impairment of trade receivables, net | 6 | 5,895 | 23,098 |
| Provision for other receivable | 6 | 5,000 | 9,220 |
| Net charge for impairment losses and allowances for loans receivable | 6 | (353) | (2,038) |
| Net charge for impairment losses and allowances for bills discounted receivable | 6 | 527 | 358 |
| Provision/(reversal of provision) against obsolete inventories, net | 6 | (11,903) | 6,237 |
| Net charge for early retirement benefits and product warranties | 30 | 30,642 | 26,313 |
| Fair value (gain)/loss on listed equity investments at fair value through profit or loss, net | 5, 6 | (716) | 1,444 |
| | | 195,315 | 63,568 |

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Year ended 31 December 2006

| <i>Notes</i> | 2006 RMB'000 | 2005 RMB'000 |
|--|-------------------------------|-----------------|
| | 195,315 | 63,568 |
| Decrease in inventories | 15,725 | 89,535 |
| (Increase)/decrease in loans receivable | 68,183 | (84,635) |
| (Increase)/decrease in trade and bills receivables | (15,655) | 14,551 |
| Increase in bills discounted receivable | (52,724) | (35,810) |
| Decrease in prepayments, deposits and other receivables | 99,942 | 40,804 |
| Increase in an amount due from the Holding | (86,544) | (23,760) |
| Decrease in equity investments at fair value through profit or loss | 89 | 14,641 |
| Increase in other long term liability | 27,680 | — |
| Increase in trade and bills payables | 146,636 | 130,968 |
| Decrease in customer deposits | (46,039) | (20,679) |
| Increase/(decrease) in accruals and other liabilities | (50,578) | 77,764 |
| Decrease in an amount due to the Holding | (52,518) | (42,345) |
| Cash generated from operations | 249,512 | 224,602 |
| Interest received | 34,902 | 34,442 |
| Interest paid | (16,593) | (11,186) |
| Income tax paid | (25,637) | (6,390) |
| Net cash inflow from operating activities | 242,184 | 241,468 |

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Year ended 31 December 2006

| | <i>Notes</i> | 2006 RMB'000 | 2005 RMB'000 |
|---|--------------|-------------------------------|-----------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Dividend income from unlisted available-for-sale investments | | 665 | 156 |
| Dividend income from listed investments | | 2,000 | — |
| Dividend income received from an associate | | 1,827 | 7,207 |
| Purchases of items of property, plant and equipment and additions to construction in progress | 13, 14 | (174,004) | (183,548) |
| Proceeds from disposal of items of property, plant and equipment | | 6,493 | 17,455 |
| Purchases of unlisted available-for-sale equity investments | | (8,644) | (4,190) |
| Purchase of land premiums | | (6,984) | — |
| Net inflow of cash in respect of acquisition of subsidiaries | | 47,528 | — |
| Disposal of an associate | | — | 40,000 |
| Disposal of a subsidiary | | — | 3,550 |
| Increase in mandatory reserve deposits in the People's Bank of China | | (6,512) | (8,832) |
| (Increase)/decrease in time deposits | | 56,000 | (62,718) |
| Increase in pledged deposits | | (1,316) | (51,918) |
| Net cash outflow from investing activities | | (82,947) | (242,838) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| New bank loans | | 415,858 | 232,230 |
| Repayment of bank loans | | (294,400) | (153,040) |
| Dividends paid to minority shareholders | | (6,570) | (3,721) |
| Contributions from minority shareholders | | 1,725 | 700 |
| Net cash inflow from financing activities | | 116,613 | 76,169 |

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2006

| | | 2006 | 2005 |
|--|-------|----------------|---------|
| | Notes | RMB'000 | RMB'000 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 275,850 | 74,799 |
| Cash and cash equivalents at beginning of year | | 435,067 | 361,625 |
| Effect of foreign exchange rate changes, net | | (2,887) | (1,357) |
| | | <hr/> | <hr/> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | 708,030 | 435,067 |
| | | <hr/> | <hr/> |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | 27 | 681,382 | 416,883 |
| Non-pledged time deposits with original maturity of less than three months when acquired | 27 | 26,648 | 18,184 |
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| | | 708,030 | 435,067 |
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