

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT Year ended 31 December 2006

	Notes	2006 RMB'000	2005 RMB'000
REVENUE	5	42,661,918	34,400,124
Cost of sales		(35,225,969)	(27,693,790)
GROSS PROFIT		7,435,949	6,706,334
Other income and gains	5	1,239,015	893,985
Selling and distribution costs		(1,061,873)	(949,894)
Administrative expenses		(3,085,827)	(2,660,012)
Other expenses		(882,285)	(620,732)
Finance costs	7	(105,079)	(66,742)
Share of profits and losses of associates		436,180	247,169
Impairment of investments in associates		(3,057)	(72,090)
PROFIT BEFORE TAX	6	3,973,023	3,478,018
Tax	10	(1,041,285)	(1,002,856)
PROFIT FOR THE YEAR		2,931,738	2,475,162
Attributable to:			
Equity holders of the parent	11	2,048,890	1,672,212
Minority interests		882,848	802,950
		2,931,738	2,475,162
DIVIDEND	12		
Proposed final		725,391	487,558
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13		
Basic			
- For profit for the year		17.23 cents	15.17 cents

CONSOLIDATED BALANCE SHEET 31 December 2006

	Notes	2006 RMB'000	2005 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	8,590,538	6,350,712
Prepaid land lease payments	15	1,236,598	1,056,332
Goodwill	16	183,440	130,736
Other intangible assets	17	360,004	315,444
Investments in associates	20	2,267,372	2,234,150
Loans receivable	21	153,248	17,909
Other investments	22	1,340,167	721,317
Other long term assets		60,061	186,167
Deferred tax assets	23	394,089	289,808
Total non-current assets		14,585,517	11,302,575
CURRENT ASSETS			
Inventories	24	15,012,619	11,995,270
Construction contracts	25	1,356,641	57,939
Trade receivables	26	8,497,762	5,986,400
Loans receivable	21	781,536	108,973
Discounted bills receivable	27	183,023	68,547
Bills receivable	28	1,559,901	925,765
Prepayments, deposits and other receivables	29	5,867,431	5,250,693
Investments	30	5,099,263	6,500,397
Derivative financial instruments	31	8,164	-
Due from the central bank	32	754,046	670,945
Restricted deposits	32	1,693,199	1,416,673
Cash and cash equivalents	32	8,614,165	10,881,171
		49,427,750	43,862,773
Non-current assets classified as held for sale	33	34,510	-
Total current assets		49,462,260	43,862,773
CURRENT LIABILITIES			
Trade payables	34	7,187,424	5,141,664
Bills payable	35	1,253,193	357,380
Other payables and accruals	36	28,108,377	25,580,858
Derivative financial instruments	31	986	-
Debentures	37	489,267	682,898
Customer deposits	38	260,023	146,909

CONSOLIDATED BALANCE SHEET (CONTINUED)

31 December 2006

	Notes	2006 RMB'000	2005 RMB'000
Interest-bearing bank and other borrowings	39	440,675	249,238
Tax payable		1,228,079	885,917
Provisions	40	528,757	216,874
		39,496,781	33,261,738
Liabilities directly associated with the non-current assets classified as held for sale	33	81,843	-
Total current liabilities		39,578,624	33,261,738
NET CURRENT ASSETS		9,883,636	10,601,035
TOTAL ASSETS LESS CURRENT LIABILITIES		24,469,153	21,903,610
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	39	107,390	69,499
Provisions	40	31,213	80,125
Government grants		126,992	128,191
Other long term payables	41	81,145	66,503
Deferred tax liabilities	23	624,811	373,010
Total non-current liabilities		971,551	717,328
Net assets		23,497,602	21,186,282
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	42	11,891,648	11,891,648
Reserves	43(a)	4,109,141	2,500,801
Proposed final dividend	12	725,391	487,558
		16,726,180	14,880,007
Minority interests		6,771,422	6,306,275
Total equity		23,497,602	21,186,282

Mr. Xu Jianguo

 Director

Mr. Yu Yingui

 Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY Year ended 31 December 2006

	Attributable to equity holders of the parent											
	Notes	Issued capital RMB'000	Capital reserve RMB'000	Contributed surplus RMB'000	Surplus reserves RMB'000	Available-	Exchange	Retained	Proposed final dividend RMB'000	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
						for-sale investment revaluation reserves RMB'000	fluctuation reserve RMB'000	profits/(accumulated losses) RMB'000				
At 1 January 2005		9,189,000	1,971,418	(3,487,636)	955,008	-	-	(95,226)	-	8,532,564	5,830,817	14,363,381
Changes in fair value of available-for-sale investments		-	-	-	-	3,497	-	-	-	3,497	992	4,489
Exchange realignment		-	-	-	-	-	(8,007)	-	-	(8,007)	211	(7,796)
Total income and expense for the year recognised directly in equity		-	-	-	-	3,497	(8,007)	-	-	(4,510)	1,203	(3,307)
Profit for the year		-	-	-	-	-	-	1,672,212	-	1,672,212	802,950	2,475,162
Total income and expense for the year		-	-	-	-	3,497	(8,007)	1,672,212	-	1,667,702	804,153	2,471,855
Issue of shares	42	2,702,648	2,196,875	-	-	-	-	-	-	4,899,523	-	4,899,523
Share issue expenses	42	-	(221,488)	-	-	-	-	-	-	(221,488)	-	(221,488)
Acquisition of subsidiaries	44(2)	-	-	-	-	-	-	-	-	-	77,617	77,617
Reduction of equity interests in a subsidiary		-	-	-	-	-	-	-	-	-	6,827	6,827
Transfer to accumulated losses		-	(100,000)	-	(3,302)	-	-	103,302	-	-	-	-
Transfer to capital reserve		-	52,403	-	-	-	-	(52,403)	-	-	-	-
Transfer/appropriation to surplus reserves		-	-	-	599,561	-	-	(599,561)	-	-	-	-
Proposed final 2005 dividend	12	-	-	-	-	-	-	(487,558)	487,558	-	-	-
Dividends paid to minority shareholders		-	-	-	-	-	-	-	-	-	(477,089)	(477,089)
Capital injection in subsidiaries		-	-	-	-	-	-	-	-	-	75,948	75,948
Acquisition of minority interests		-	-	-	-	-	-	-	-	-	(12,614)	(12,614)
Others		-	2,518	-	(341)	-	-	(471)	-	1,706	616	2,322
At 31 December 2005		11,891,648	3,901,726	(3,487,636)	1,550,926	3,497	(8,007)	540,295	487,558	14,880,007	6,306,275	21,186,282

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) Year ended 31 December 2006

	Notes	Attributable to equity holders of the parent										
		Issued capital RMB'000	Capital reserve RMB'000	Contributed surplus RMB'000	Surplus reserves RMB'000	Available-for-sale investment revaluation reserves RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2006		11,891,648	3,901,726	(3,487,636)	1,550,926	3,497	(8,007)	540,295	487,558	14,880,007	6,306,275	21,186,282
Changes in fair value of available-for-sale investments		-	-	-	-	292,367	-	-	-	292,367	77,966	370,333
Exchange realignment		-	-	-	-	-	(10,253)	-	-	(10,253)	(5,908)	(16,161)
Total income and expense for the year recognised directly in equity		-	-	-	-	292,367	(10,253)	-	-	282,114	72,058	354,172
Profit for the year		-	-	-	-	-	-	2,048,890	-	2,048,890	882,848	2,931,738
Total income and expense for the year		-	-	-	-	292,367	(10,253)	2,048,890	-	2,331,004	954,906	3,285,910
Refund of share issue expenses	42	-	6,264	-	-	-	-	-	-	6,264	-	6,264
Acquisition of subsidiaries	44(1)	-	-	-	-	-	-	-	-	-	142,780	142,780
Transfer to capital reserve		-	6,043	-	-	-	-	(6,043)	-	-	-	-
Transfer/appropriation to surplus reserves		-	-	-	494,515	-	-	(494,515)	-	-	-	-
Dividends paid to minority shareholders		-	-	-	-	-	-	-	-	-	(665,730)	(665,730)
Final 2005 dividend declared		-	-	-	-	-	-	-	(487,558)	(487,558)	-	(487,558)
Acquisition of minority interests	44(1)	-	-	-	-	-	-	-	-	-	(20,510)	(20,510)
Capital injection in subsidiaries		-	-	-	-	-	-	-	-	-	64,645	64,645
Proposed final 2006 dividend	12	-	-	-	-	-	-	(725,391)	725,391	-	-	-
Others		-	(1,093)	-	(2,444)	-	-	-	-	(3,537)	(10,944)	(14,481)
At 31 December 2006		11,891,648	3,912,940*	(3,487,636)*	2,042,997*	295,864*	(18,260)*	1,363,236*	725,391	16,726,180	6,771,422	23,497,602

* These reserve accounts comprise the consolidated reserves of RMB 4,109,141,000 (2005: RMB 2,500,801,000) in the consolidated balance sheet.

CONSOLIDATED CASH FLOW STATEMENT Year ended 31 December 2006

	Notes	2006 RMB'000	2005 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,973,023	3,478,018
Adjustments for:			
Finance costs	7	105,079	66,742
Share of profits and losses of associates		(436,180)	(247,169)
Impairment of investments in associates	6	3,057	72,090
Interest income on bank balances and time deposits	5	(182,475)	(254,856)
Interest income on loans receivable and discounted bills receivable	5	(17,856)	(23,628)
Interest income on debt investments	5	(67,951)	(75,903)
Other financial service income	5	(23,346)	(8,183)
Unrealised fair value gains, net:			
Investments at fair value through profit or loss	5	(176,648)	(49,383)
Derivative instruments-transactions not qualifying as hedges	5	(7,178)	-
Dividend income from investments	5	(71,027)	(27,372)
Depreciation	6	697,040	796,445
Recognition of prepaid land lease payments	6	26,522	31,577
Amortisation of other intangible assets	6	64,406	54,260
Realised gain on investments at fair value through profit or loss	5	(154,155)	(114,173)
Realised gain on available-for-sale investments (transfer from equity)	5	(4,489)	-
(Gain)/loss on disposal of unquoted equity investments stated at cost	5	(106,622)	87
Provision for product warranty	6	230,887	205,097
Provision for onerous contracts	6	84,412	19,239
Provision for late delivery	6	124,000	-
Early retirement benefit costs	6	27,908	14,650
Impairment of unquoted investments stated at cost	6	12,940	4,146
(Reversal of impairment)/impairment of items of property, plant and equipment	6	(804)	77,424
Goodwill impairment	6	8,385	18,926
Loss/(gain) on disposal of associates	5	40,905	(39,663)
Gain on disposal of a subsidiary	5	(18,453)	-
Gain on disposal of equity interest in a jointly-controlled entity	5	(10,190)	-
Gain on disposal of items of property, plant and equipment	5	(25,085)	(62,711)
Gain on recovery of prepaid land lease payments	5	(78,247)	-
Impairment of accounts receivable and other receivables	6	339,084	159,677
Write-down of inventories to net realisable value	6	255,366	262,370
Gain on debt restructuring	5	(4,633)	(2,076)
Impairment/(reversal of impairment) for loans receivable	6	8,045	(47,806)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) Year ended 31 December 2006

	Notes	2006 RMB'000	2005 RMB'000
Impairment/(reversal of impairment) for discounted bills receivable	6	1,157	(776)
Excess over the cost of business combinations	5	(21,967)	(3,177)
Exchange losses, net		55,392	37,405
		4,650,302	4,341,277
Increase in inventories		(3,096,280)	(3,410,022)
Increase in construction contracts		(1,298,702)	-
Increase in trade receivables and other receivables		(3,786,500)	(3,349,998)
Decrease in other long term assets		105,560	18,899
Increase in trade payables, bills payable, other payables and accruals		4,513,163	2,085,595
Utilisation and reversal of warranty provision and other provisions		(208,834)	(345,908)
Cash generated from /(used in) operations		878,709	(660,157)
Taxes paid		(761,314)	(413,875)
Net cash inflow/(outflow) from operating activities		117,395	(1,074,032)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		267,137	350,574
Dividends received from associates		315,511	269,801
Dividends received from investments	5	71,027	27,372
Purchases of items of property, plant and equipment		(2,597,037)	(1,947,438)
Prepaid land lease payments		(177,403)	(89,857)
Proceeds from disposal of items of property, plant and equipment		89,548	209,996
Recovery of prepaid land lease payments		113,621	10,183
Advances from recovery of prepaid land lease payments		36,363	45,480
Acquisition of subsidiaries	44	(195,358)	5,772
Disposal of a subsidiary	45 & 47	23,772	41,577
Disposal of equity interest in a jointly-controlled entity	46	(16,688)	-
Acquisition of associates		(196,898)	(230,159)
Proceeds from disposal of associates		307,809	8,421
Purchases of non-current other investments		(958,218)	(707,002)
Proceeds from disposal of non-current other investments		142,261	81,796
Purchases of other intangible assets		(107,620)	(46,665)
Proceeds from disposal of other intangible assets		883	715
Capital injection in subsidiaries		-	10,974

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED) Year ended 31 December 2006

	Notes	2006 RMB'000	2005 RMB'000
Acquisition of minority interests		(24,137)	(15,600)
Increase in restricted deposits		(276,526)	(413,738)
Decrease/(increase) in non-restricted time deposits with original maturity of over three months when acquired		1,724,480	(464,448)
(Increase)/decrease in loans receivable		(792,601)	841,820
(Increase)/decrease in discounted bills receivable		(115,633)	77,589
(Increase)/decrease in an amount due from the central bank		(83,101)	56,173
Decrease/(increase) in current investments		2,567,518	(257,935)
Net cash inflow/(outflow) from investing activities		118,710	(2,134,599)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in issued capital	42	-	4,899,523
Capital injection by minority interests		64,645	16,056
New bank and other loans		587,501	231,471
Repayments of bank and other loans		(454,183)	(722,587)
Repayment of debentures	37	(700,000)	-
Issue of debentures	37	481,600	680,120
Refund of share issue expenses/(share issue expenses)	42	6,264	(221,488)
Dividends paid to minority shareholders		(291,227)	(483,064)
Dividends paid by the Company		(447,838)	-
Increase/(decrease) in customer deposits		113,114	(602,527)
Decrease in repurchase agreements		-	(1,503,800)
Interest paid		(83,115)	(63,964)
Net cash (outflow)/inflow from financing activities		(723,239)	2,229,740
NET DECREASE IN CASH AND CASH EQUIVALENTS		(487,134)	(978,891)
Cash and cash equivalents at beginning of year		7,487,075	8,503,371
Effect of foreign exchange rate changes, net		(55,392)	(37,405)
CASH AND CASH EQUIVALENTS AT END OF YEAR		6,944,549	7,487,075
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	32	8,614,165	10,881,171
Less: Non-restricted time deposits with original maturity of over three months when acquired		(1,669,616)	(3,394,096)
		6,944,549	7,487,075

BALANCE SHEET 31 December 2006

	Notes	2006 RMB'000	2005 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	304,775	258,739
Investments in subsidiaries	18	11,113,842	10,043,967
Other intangible assets	17	3,796	-
Investments in associates	20	93,394	49,413
Deferred tax assets	23	141,778	-
Total non-current assets		11,657,585	10,352,119
CURRENT ASSETS			
Inventories	24	56,865	112,315
Construction contracts	25	1,090,861	-
Trade receivables	26	1,528,062	296,251
Bills receivable	28	30,050	300
Loans receivable	21	285,467	-
Prepayments, deposits and other receivables	29	8,209,715	4,012,084
Investments	30	1,263,790	-
Restricted deposits	32	143,866	104,030
Cash and cash equivalents	32	2,232,058	4,135,433
Total current assets		14,840,734	8,660,413
CURRENT LIABILITIES			
Trade payables	34	1,773,926	309,211
Bills payable	35	153,278	300
Other payables and accruals	36	10,495,799	4,968,859
Provisions	40	124,000	-
Total current liabilities		12,547,003	5,278,370
NET CURRENT ASSETS		2,293,731	3,382,043
TOTAL ASSETS LESS CURRENT LIABILITIES		13,951,316	13,734,162

BALANCE SHEET (CONTINUED) 31 December 2006

	Notes	2006 RMB'000	2005 RMB'000
NON-CURRENT LIABILITIES			
Other long term payables	41	57,924	30,026
Total non-current liabilities		57,924	30,026
Net assets		13,893,392	13,704,136
EQUITY			
Issued capital	42	11,891,648	11,891,648
Reserves	43(b)	1,276,353	1,324,930
Proposed final dividend	12	725,391	487,558
Total equity		13,893,392	13,704,136

Mr. Xu Jianguo

Director

Mr. Yu Yingui

Director