

# Consolidated Cash Flow Statement

For the year ended 31 December 2006

(Expressed in Renminbi)

	Note	2006 RMB'000	2005 RMB'000
<b>Operating activities</b>			
Profit before tax		<b>999,972</b>	1,040,984
Adjustments for:			
— Depreciation and amortisation		<b>400,221</b>	401,579
— Impairment losses on property, plant and equipment		—	2,079
— Interest income		<b>(111,451)</b>	(59,982)
— Finance costs		<b>17,898</b>	22,081
— Share of profits less (losses) of associates		<b>30</b>	(11,687)
— Negative goodwill		<b>(4,039)</b>	(159,499)
— Dividend income		<b>(22,473)</b>	(30,198)
— Gain on disposal of investments		<b>(28,948)</b>	(4,327)
— Impairment losses on investments		—	2,177
— Gain on disposal of property, plant and equipment and other assets		<b>(6,163)</b>	(3,576)
— Deficit on revaluation of property, plant and equipment		<b>105,299</b>	—
— Write off of non-payable liabilities		<b>(268)</b>	(18,783)
<b>Operating profit before changes in working capital</b>		<b>1,350,078</b>	1,180,848
(Increase)/decrease in inventories		<b>(334,030)</b>	107,536
Increase in accounts and bills receivable		<b>(515,527)</b>	(399,156)
(Increase)/decrease in prepayments and other current assets		<b>(260,885)</b>	243,183
Increase/(decrease) in accounts and bills payable		<b>1,102,712</b>	(54,065)
Decrease in receipts in advance for contract work		<b>(267,820)</b>	(322,356)
Decrease in accrued expenses and other payables		<b>(138,409)</b>	(187,826)
Net cash inflow from operations		<b>936,119</b>	568,164
Interest paid		<b>(17,898)</b>	(17,514)
Interest received		<b>57,912</b>	54,728
Income tax paid		<b>(476,662)</b>	(330,208)
<b>Cash generated from operating activities</b>		<b>499,471</b>	275,170

The notes on pages 70 to 122 form part of these financial statements.

	Note	2006 RMB'000	2005 RMB'000
<b>Investing activities</b>			
Payments on acquisition of property, plant and equipment and other assets		<b>(1,159,883)</b>	(583,499)
Proceeds from disposal of property, plant and equipment and other assets		<b>253,621</b>	125,194
Net cash inflow arising from acquisition of subsidiaries	35(a)	<b>16,139</b>	13,849
Payments for acquisition of investments		<b>(13,162)</b>	(18,145)
Proceeds from disposal of investments		<b>250,102</b>	140,221
Dividends received		<b>21,601</b>	45,787
<b>Net cash used in investing activities</b>		<b>(631,582)</b>	(276,593)
<b>Financing activities</b>			
Proceeds from bank and other loans		<b>664,900</b>	214,000
Repayments of bank and other loans		<b>(618,945)</b>	(188,838)
Dividends paid		<b>(661,314)</b>	(316,582)
Contributions from owner		<b>1,458,519</b>	391,059
Distributions to owner		<b>(841,544)</b>	(523,495)
Advances from/(to) owner and fellow subsidiaries		<b>373,466</b>	(404,826)
Net proceeds from issuance of new shares upon listing and interest income on subscription monies		<b>3,142,142</b>	—
<b>Net cash generated from/(used in) financing activities</b>		<b>3,517,224</b>	(828,682)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,385,113</b>	(830,105)
<b>Cash and cash equivalents at the beginning of year</b>		<b>3,685,916</b>	4,516,021
<b>Cash and cash equivalents at the end of year</b>	29	<b>7,071,029</b>	3,685,916

For major non-cash transactions, please refer to note 35(b).