

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June 2002

	Unaudited					
	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profit/ losses) <i>HK\$'000</i>	Capital reserves (note a) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1st January 2001	296,396	1,759,304	(30,358)	(318,204)	85,439	1,792,577
Issue of shares	1,984	5,807	—	—	—	7,791
Bonus issue	29,838	(29,838)	—	—	—	—
Exchange difference on translation of accounts of foreign subsidiaries and associated companies	—	—	(484)	—	—	(484)
Profit for the period	—	—	—	374,150	—	374,150
Transfer to profit and loss account upon liquidation of subsidiaries	—	—	630	—	—	630
Transfer to capital reserve	—	—	—	(93)	93	—
Balance at 30th June 2001	<u>328,218</u>	<u>1,735,273</u>	<u>(30,212)</u>	<u>55,853</u>	<u>85,532</u>	<u>2,174,664</u>
Balance at 1st January 2002	335,979	1,751,039	(31,159)	169,468	255,108	2,480,435
Exchange difference on translation of accounts of foreign subsidiaries and associated companies	—	—	(93)	—	(8)	(101)
Profit for the period	—	—	—	518,478	—	518,478
Transfer to profit and loss account upon liquidation of subsidiaries	—	—	(1)	—	(12)	(13)
2001 final dividend paid	—	—	—	(100,794)	—	(100,794)
Transfer to capital reserve	—	—	—	(20,685)	20,685	—
Balance at 30th June 2002	<u>335,979</u>	<u>1,751,039</u>	<u>(31,253)</u>	<u>566,467</u>	<u>275,773</u>	<u>2,898,005</u>

(a) The reserves represent transfers made to the reserve fund and the enterprise development fund set by certain subsidiaries, associated companies and a jointly controlled entity, which are foreign investment enterprises in the People's Republic of China ("PRC"), pursuant to regulations in the PRC. According to the regulations, the reserve fund may be used for making up losses, if any, and increasing capital while the enterprise development fund may be used for increasing capital. The transfer to capital reserve for the six months ended 30th June 2002 represents the additional amount of transfer made in respect of the net profit for the year ended 31st December 2001.

(b) No appropriation to statutory reserves was made on the net profit of Guangzhou Honda Automobile Company Limited ("Guangzhou Honda"), a jointly controlled entity of the Company, for the six months ended 30th June 2002. Such appropriation will be made at the end of the year 2002.