



Statement of Changes in Equity

For the year ended 31st December, 2004

	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Statutory welfare reserve RMB'000	Accumulated profits RMB'000	Total RMB'000
At 1st January, 2003	215,000	—	247	124	2,100	217,471
Profit for the year	—	—	—	—	277,468	277,468
Dividend paid	—	—	—	—	(20,439)	(20,439)
Transfer	—	—	27,394	13,696	(41,090)	—
At 31st December, 2003	215,000	—	27,641	13,820	218,039	474,500
Conversion of certain state-owned domestic shares to H shares	(11,500)	—	—	—	—	(11,500)
Issue of H shares (including those converted from domestic shares)	126,500	1,166,797	—	—	—	1,293,297
Expenses incurred in connection with the issue of shares	—	(66,381)	—	—	—	(66,381)
Profit for the year	—	—	—	—	538,880	538,880
Dividends paid	—	—	—	—	(72,075)	(72,075)
Transfer	—	—	53,687	26,843	(80,530)	—
At 31st December, 2004	330,000	1,100,416	81,328	40,663	604,314	2,156,721

As stipulated by the relevant regulations of the People's Republic of China (the "PRC"), the aggregate allocations to the statutory surplus reserve and statutory welfare reserve are 10% and 5% respectively of the Company's profit after tax under the relevant accounting principles and financial regulations applicable to companies established in the PRC (the "PRC GAAP").

According to the provision of the Company's Articles of Association, the statutory surplus reserve shall only be used for making up losses, capitalisation into share capital and expansion of the Company's production and operation. The statutory welfare fund is used for the collective welfare of the Company's staff and workers.

According to the Company's Articles of Association, distribution of profit by the Company is determined with reference to the profit as reported under the PRC GAAP or the accounting principles generally accepted in Hong Kong, whichever is less.

At 31st December, 2004, the distributable reserves of the Company was RMB598,772,000 (2003: RMB191,933,000).