

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2004

	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve RMB'000	Public welfare fund RMB'000	Accumulated profits RMB'000	Total RMB'000
At 1 January 2003	6,500	-	-	-	85	42	35,011	41,638
Capitalisation of profit	13,500	-	-	-	-	-	(13,500)	-
Increase in capital	1	-	-	-	-	-	-	1
Net profit for the year	-	-	-	-	-	-	46,137	46,137
Transfer	-	-	-	-	3,338	1,669	(5,007)	-
Dividend	-	-	-	-	-	-	(23,375)	(23,375)
At 31 December 2003 and at 1 January 2004	20,001	-	-	-	3,423	1,711	39,266	64,401
Share swap in accordance with the Reorganisation (Note 1)	(20,001)	-	20,001	-	-	-	-	-
Transfer	-	-	-	-	4,480	2,239	(6,719)	-
New shares issued	9,016	63,111	-	-	-	-	-	72,127
Shares issued on conversion of convertible notes	4,210	29,470	-	-	-	-	-	33,680
Capitalisation issue of shares	29,202	(29,202)	-	-	-	-	-	-
Share issue expenses	-	(16,133)	-	-	-	-	-	(16,133)
Exchange differences on translation of overseas operations and net gain not recognised in the income statement	-	-	-	90	-	-	-	90
Net profit for the year	-	-	-	-	-	-	34,901	34,901
Dividend	-	-	-	-	-	-	(31,869)	(31,869)
<b>At 31 December 2004</b>	<b>42,428</b>	<b>47,246</b>	<b>20,001</b>	<b>90</b>	<b>7,903</b>	<b>3,950</b>	<b>35,579</b>	<b>157,197</b>

The special reserve represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of Reorganisation prior to the listing of the Company's shares.

Articles of Association of the Company's PRC subsidiaries require the appropriation of certain percentage of their profit after taxation each year to the statutory surplus reserve fund until the balance reaches 50% of the registered capital. In normal circumstances, the statutory surplus reserve fund shall only be used for making up losses, capitalisation into registered capital and expansion of the subsidiaries' production and operation. For the capitalisation of statutory surplus reserve fund into registered capital, the remaining amount of such reserve shall not be less than 25% of the registered capital.

Pursuant to their Articles of Association, the Company's PRC subsidiaries shall make allocation from their profit after taxation at the rate of 5% to 10% to the public welfare fund. The public welfare fund can only be utilised on capital items for employees collective welfare. The public welfare fund forms part of the shareholders' equity but it is not distributable other than in liquidation.

The accumulated profits of the Group include loss of RMB168,000 (2003: loss of RMB116,000) retained by an associate of the Group.