

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2005

	Paid-in capital/ share capital RMB'000	Share premium RMB'000	Special reserve RMB'000 (Note 1)	General reserve RMB'000 (Note 2)	Enterprise expansion reserve RMB'000 (Note 2)	Retained profits RMB'000	Total RMB'000
At 1 January 2004	56,244	–	–	3,337	1,669	26,701	87,951
Capital injection	8,661	–	–	–	–	–	8,661
Profit for the year and total income recognised for the year	–	–	–	–	–	36,329	36,329
Appropriations	–	–	–	3,829	1,914	(5,743)	–
At 31 December 2004 and 1 January 2005	64,905	–	–	7,166	3,583	57,287	132,941
Issue of shares (Note 3)	12,136	297	–	–	–	–	12,433
Eliminated on group reorganisation (Note 4)	(77,041)	(297)	77,338	–	–	–	–
Profit for the year and total income recognised for the year	–	–	–	–	–	42,369	42,369
Appropriations	–	–	–	4,934	2,467	(7,401)	–
At 31 December 2005	–	–	77,338	12,100	6,050	92,255	187,743

Notes:

- Special reserve represents the difference between the paid-in capital/share capital and share premium of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation.
- The Articles of Association of the respective subsidiaries in the People's Republic of China (the "PRC") requires the appropriation of certain percentage of its profit after taxation prepared in accordance with the PRC accounting standards each year to the general reserve and enterprise expansion reserve as determined by its board of directors. The general reserve and enterprise expansion reserve shall only be used for making up losses, capitalisation into share capital and expansion of the production and operation.
- The amount represents the increase in share capital and share premium of Winning Steps Limited ("Winning Steps") and Yu Hwa Holdings Limited ("Yu Hwa") during the year ended 31 December 2005.
- The share capital and share premium of Winning Steps and Yu Hwa are eliminated as these companies became wholly-owned subsidiaries of the Company upon group reorganisation. Details of group reorganisation are set out in Note 1 to the consolidated financial statements.