

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE SIX MONTHS ENDED 30 JUNE 2006

	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)	Translation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2005	64,905	-	-	7,166	3,583	-	57,287	132,941
Issue of shares (Note 3)	414	-	-	-	-	-	-	414
Profit for the period and total income recognised for the period	-	-	-	-	-	-	20,805	20,805
At 30 June 2005 and 1 July 2005	65,319	-	-	7,166	3,583	-	78,092	154,160
Issue of shares (Note 3)	11,722	297	-	-	-	-	-	12,019
Eliminated on group reorganisation (Note 4)	(77,041)	(297)	77,338	-	-	-	-	-
Profit for the period and total income recognised for the period	-	-	-	-	-	-	21,564	21,564
Appropriations	-	-	-	4,934	2,467	-	(7,401)	-
At 31 December 2005 and 1 January 2006	-	-	77,338	12,100	6,050	-	92,255	187,743
Issue of new shares	720	80,699	-	-	-	-	-	81,419
Capitalisation issue of shares	2,162	(2,162)	-	-	-	-	-	-
Expenses relating to issue of new shares	-	(11,392)	-	-	-	-	-	(11,392)
Sub-total	2,882	67,145	77,338	12,100	6,050	-	92,255	257,770
Exchange differences arising on translation of foreign operations	-	-	-	-	-	79	-	79
Profit for the period	-	-	-	-	-	-	15,679	15,679
Total income recognised for the period	-	-	-	-	-	79	15,679	15,758
At 30 June 2006	<u>2,882</u>	<u>67,145</u>	<u>77,338</u>	<u>12,100</u>	<u>6,050</u>	<u>79</u>	<u>107,934</u>	<u>273,528</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2006

Notes:

1. 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.
2. 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.
3. 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.
4. 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.