

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Attributable to equity holders of the Company							
	Share capital RMB'000	Share premium RMB'000	Additional paid-in capital RMB'000	Special reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve fund RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2005	25	-	-	82,879	-	8,538	72,299	163,741
Profit for the period	-	-	-	-	-	-	40,303	40,303
Issue of shares of a subsidiary	8	69,992	-	-	-	-	-	70,000
Arising on group reorganisation	(30)	(69,992)	-	70,022	-	-	-	-
At 30 June 2005	<u>3</u>	<u>-</u>	<u>-</u>	<u>152,901</u>	<u>-</u>	<u>8,538</u>	<u>112,602</u>	<u>274,044</u>
At 1 January 2006	<u>3</u>	<u>-</u>	<u>-</u>	<u>152,901</u>	<u>1,159</u>	<u>25,121</u>	<u>166,229</u>	<u>345,413</u>
Exchange differences arising on translation of foreign operations recognised directly in equity	-	-	-	-	(600)	-	-	(600)
Profit for the period	-	-	-	-	-	-	49,396	49,396
Total recognised income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(600)</u>	<u>-</u>	<u>49,396</u>	<u>48,796</u>
Capitalisation issue	68,274	(68,274)	-	-	-	-	-	-
Issue of shares by placing and public offer	14,483	153,520	-	-	-	-	-	168,003
Expenses incurred in connection with the issue of shares	-	(14,941)	-	-	-	-	-	(14,941)
	<u>82,757</u>	<u>70,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,062</u>
At 30 June 2006	<u>82,760</u>	<u>70,305</u>	<u>-</u>	<u>152,901</u>	<u>559</u>	<u>25,121</u>	<u>215,625</u>	<u>547,271</u>

The special reserve represents the aggregate of the differences between the nominal amount of the shares issued by the Company and Widerlink Group Limited and the aggregate amount of paid-up capital of the subsidiaries acquired pursuant to the Group's reorganisation in preparation of the listing of the Company's shares.

As stipulated by the relevant laws and regulations for foreign investment enterprises in Mainland China (the "PRC"), the Company's PRC subsidiaries are required to maintain three statutory reserves, being a statutory surplus reserve fund, an enterprise expansion fund and a staff welfare and incentive bonus fund which are non-distributable. Appropriation to such reserves are made out of net profit after taxation of the statutory financial statements of the PRC subsidiary while the amounts and allocation basis are decided by their board of directors annually. The statutory surplus reserve fund can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue. The enterprise expansion fund is used for expanding the capital base of the PRC subsidiaries by means of capitalisation issue. Since the date of establishment of PRC subsidiaries, no appropriation was made to the enterprise expansion fund and staff welfare and incentive bonus fund.