

# Consolidated Statement of Changes in Equity

For the year ended 31st December, 2006

	Share capital	Share premium	Special reserve	Translation reserve	Non-distributable reserve	PRC statutory reserves	Retained profits	Attributable to equity holders of the Company	Minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1st January, 2005	37,780	—	(5,769)	(1,104)	2,822	31,938	191,127	256,794	3,001	259,795
Exchange differences arising from translation of financial statements of overseas operations, representing net income recognised in equity	—	—	—	1,007	—	—	—	1,007	—	1,007
Profit for the year	—	—	—	—	—	—	332,859	332,859	462	333,321
Total recognised income for the year	—	—	—	1,007	—	—	332,859	333,866	462	334,328
Arising on group reorganisation	(30,298)	—	(1,700)	—	—	21	641	(31,336)	(3,463)	(34,799)
Conversion of preferred shares	1,443	224,739	—	—	—	—	—	226,182	—	226,182
Issue of shares on capitalisation issue	70,162	(70,162)	—	—	—	—	—	—	—	—
Issue of shares	22,255	760,125	—	—	—	—	—	782,380	—	782,380
Expense incurred in connection with the issue of shares	—	(29,443)	—	—	—	—	—	(29,443)	—	(29,443)
Capitalisation of retained profits	—	—	—	—	84,423	—	(84,423)	—	—	—
At 31st December, 2005	101,342	885,259	(7,469)	(97)	87,245	31,959	440,204	1,538,443	—	1,538,443
Exchange differences arising from translation of financial statements of overseas operations, representing net income recognised in equity	—	—	—	2,378	—	—	—	2,378	(338)	2,040
Profit for the year	—	—	—	—	—	—	570,314	570,314	(1,797)	568,517
Total recognised income and expense for the year	—	—	—	2,378	—	—	570,314	572,692	(2,135)	570,557
Capital contribution from a minority shareholder of a subsidiary	—	—	—	—	—	—	—	—	16,048	16,048
Transfers	—	—	—	—	—	17,399	(17,399)	—	—	—
At 31st December, 2006	101,342	885,259	(7,469)	2,281	87,245	49,358	993,119	2,111,135	13,913	2,125,048

As stipulated by the relevant laws and regulations for foreign investment enterprises in Mainland China (the “PRC”), the PRC subsidiaries are required to maintain three statutory reserves, being a statutory surplus reserve fund, an enterprise expansion fund and a staff welfare fund which are non-distributable. Appropriations to such reserves are made out of net profit after taxation of the statutory financial statements of the PRC subsidiaries and the allocation basis are decided by their board of directors annually. The statutory surplus reserve fund can be used to make up its 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 capitalising issue. The staff welfare fund, which is to be used for the welfare of the staff and workers of the PRC subsidiaries, is of a capital nature.

The special reserve of the Group represents the difference between the nominal amount of the shares issued by the Company and the aggregate amount of the paid-in capital of subsidiaries acquired pursuant to the group reorganisation in preparation for the listing of the Company's shares in 2004 and 2005.

The non-distributable reserve of the Group arose as a result of capitalisation of retained profits by wholly-owned subsidiaries.