

## Combined Statement of Changes in Equity

For the year ended 31 December 2006

	Paid-in capital RMB'000	Special reserve RMB'000	Capital reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve fund RMB'000	Retained profits RMB'000	Attributable to equity holders of the Company RMB'000	Minority interests RMB'000	Total RMB'000
At 1 January 2005	16,657	—	59	—	—	36,778	53,494	18,199	71,693
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	(255)	—	—	(255)	(248)	(503)
Profit for the year	—	—	—	—	—	48,950	48,950	6,816	55,766
Total (expenses) income recognised for the year	—	—	—	(255)	—	48,950	48,695	6,568	55,263
Capital contributions	24,429	—	—	—	—	—	24,429	3,884	28,313
Dividends	—	—	—	—	—	(24,777)	(24,777)	(15,344)	(40,121)
Transfers	—	—	—	—	4,536	(4,536)	—	—	—
	24,429	—	—	—	4,536	(29,313)	(348)	(11,460)	(11,808)
At 31 December 2005	41,086	—	59	(255)	4,536	56,415	101,841	13,307	115,148
Exchange differences arising on translation of financial statements of foreign operations	—	—	—	(2,008)	—	—	(2,008)	—	(2,008)
Profit for the year	—	—	—	—	—	113,365	113,365	1,677	115,042
Total (expenses) income recognised for the year	—	—	—	(2,008)	—	113,365	111,357	1,677	113,034
Issue of shares of a subsidiary	9	—	—	—	—	—	9	—	9
Arising on group reorganisation (a)	(41,088)	41,088	—	—	—	—	—	—	—
Acquisition of additional interests in subsidiaries (b)	1	45,072	—	—	—	—	45,073	(9,438)	35,635
Acquisition of a subsidiary	—	—	—	—	—	—	—	474	474
Dividends	—	—	—	—	—	(96,300)	(96,300)	—	(96,300)
	(41,078)	86,160	—	—	—	(96,300)	(51,218)	(8,964)	(60,182)
At 31 December 2006	8	86,160	59	(2,263)	4,536	73,480	161,980	6,020	168,000

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The special reserve represents the aggregate of:

- (a) An amount of approximately RMB41 million, being the difference between the paid-in capital of Favor Will Investments Limited (“Favor Will”) and the subsidiaries involved in the group reorganisation set out in the paragraph headed “Corporate Reorganisation” in Appendix VI to the prospectus dated 19 March 2007 issued by the Company.
- (b) A net amount of approximately RMB45 million, being the difference between (i) the share premium resulted from the issue of shares of Favor Will of approximately RMB221 million to acquire additional interests in subsidiaries (which resulted in a goodwill of approximately RMB36 million, see notes 18 and 36) and (ii) an amount of approximately RMB176 million, being the difference between the fair value and the carrying amount of the additional interest in these subsidiaries prior to the acquisition, which represents a revaluation increase in the net assets attributable to the Group’s additional interest in the subsidiaries.

Capital reserve represents the difference between the actual amount contributed and the registered paid-in capital of certain subsidiaries.

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 a statutory surplus reserve fund which is non-distributable. Appropriations to such reserve is made out of net profit after taxation of the statutory financial statements of the PRC subsidiaries 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.