

Consolidated Statement of Changes in Equity

For the year ended 31 December 2006

	Attributable to equity holders of the Company									
	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000 (Note 1)	Translation reserve RMB'000	Statutory surplus reserve RMB'000	Public welfare fund RMB'000	Retained profits RMB'000	Total RMB'000	Minority interests RMB'000	Total RMB'000
At 1 January 2005	42,428	47,246	20,001	90	7,903	3,950	35,579	157,197	152	157,349
Exchange differences on translation of foreign subsidiaries	-	-	-	(814)	-	-	-	(814)	-	(814)
Profit for the year	-	-	-	-	-	-	9,469	9,469	(55)	9,414
Transfer (Note 2)	-	-	-	-	3,512	1,054	(4,566)	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(92)	(92)
Dividend paid – 2004	-	-	-	-	-	-	(10,187)	(10,187)	-	(10,187)
At 31 December 2005 and at 1 January 2006	42,428	47,246	20,001	(724)	11,415	5,004	30,295	155,665	5	155,670
Exchange differences on translation of foreign subsidiaries	-	-	-	(382)	-	-	-	(382)	-	(382)
Loss for the year	-	-	-	-	-	-	(16,192)	(16,192)	(4)	(16,196)
Transfer (Note 2)	-	-	-	-	650	327	(977)	-	-	-
Transfer	-	-	(13,261)	-	-	-	13,261	-	-	-
Dividend paid – 2005	-	-	-	-	-	-	(3,074)	(3,074)	-	(3,074)
At 31 December 2006	42,428	47,246	6,740	(1,106)	12,065	5,331	23,313	136,017	1	136,018

Notes:

- The special reserve represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of Reorganization prior to the listing of the Company's shares.
- Articles of Association of the Company's PRC subsidiaries require the appropriation of certain percentage of their profit after income tax each year to the statutory surplus reserve fund until the balance reaches 50% of the registered capital. In normal circumstances, the statutory surplus reserve fund shall only be used for making up losses, capitalization into registered capital and expansion of the subsidiaries' production and operation. For the capitalization of statutory surplus reserve fund into registered capital, the remaining amount of such reserve shall not be less than 25% of the registered capital.

Pursuant to their Articles of Association, the Company's PRC subsidiaries shall make allocation from their profit after taxation at the rate of 5% to 10% to the public welfare fund. The public welfare fund can only be utilized on capital items for employees collective welfare. The public welfare fund forms part of the shareholders' equity but it is not distributable other than in liquidation. With effect on 1 January 2006, the appropriation is not a statutory requirement in accordance with the PRC Company Law (2006 Amendment). The appropriation is subject to the shareholders' approval in the annual shareholders meeting of the Company. The Directors considered that this appropriation should be made in current year.