

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2003

	The Group								
	Reserves								
	Share capital	Merger reserve	Share premium	Enterprise		Staff		Exchange reserve	Retained profits
				Reserve fund	expansion fund	welfare fund			
				(Note a)	(Note a)	(Note a)			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2002	31,836	(11,085)	—	5,670	2,835	2,835	—	47,819	79,910
Issue of shares upon listing	10,614	—	74,293	—	—	—	—	—	84,907
Listing expenses	—	—	(12,608)	—	—	—	—	—	(12,608)
Profit for the year	—	—	—	—	—	—	—	72,512	72,512
Transfer to statutory reserves	—	—	—	7,858	3,929	3,929	—	(15,716)	—
Dividends paid	—	—	—	—	—	—	—	(7,000)	(7,000)
Changes in exchange rates	—	—	—	—	—	—	(20)	—	(20)
As at 31 December 2002	42,450	(11,085)	61,685	13,528	6,764	6,764	(20)	97,615	217,701
Profit for the year	—	—	—	—	—	—	—	66,291	66,291
Transfer to statutory reserves	—	—	—	7,029	3,514	3,514	—	(14,057)	—
Dividend paid	—	—	—	—	—	—	—	(12,790)	(12,790)
Changes in exchange rates	—	—	—	—	—	—	(108)	—	(108)
As at 31 December 2003	42,450	(11,085)	61,685	20,557	10,278	10,278	(128)	137,059	271,094
Representing:									
2003 final dividend proposed			19,800						
Others			41,885						
			61,685						

Notes:

- (a) A subsidiary of the Group established in the PRC, being a foreign investment enterprise, is required to appropriate an amount from the net profit reported in the statutory accounts to three statutory reserves, namely reserve fund, enterprise expansion fund and staff welfare fund. All these funds are designated for specific purposes.

The reserve fund can only be utilised, with the approval from the relevant authorities, to offset accumulative losses or to increase capital. All foreign-owned and sino-foreign enterprises are generally required to appropriate not less than 10% of their net profit after taxation to the reserve fund, until the balance of the fund reaches 50% of the registered capital of the subsidiary. The reserve fund cannot be distributed in the form of cash.

The enterprise expansion fund can only be utilised to increase capital, with the approval from the relevant authorities. The board of directors of the subsidiary has resolved to appropriate 5% of the net profit to the enterprise expansion fund.

The staff welfare fund can only be utilised for the benefit of the employees. The board of directors of the subsidiary has resolved to appropriate 5% of its net profits to staff welfare fund.

Consolidated Statement of Changes in Equity (cont'd)

	The Company Reserves				Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Retained profits/ (Accumulated losses) RMB'000	
As at 1 January 2002	—	—	—	(1)	(1)
Shares issued pursuant to Group Reorganisation	31,836	—	—	—	31,836
Issue of shares upon listing	10,614	61,685	—	—	72,299
Profit for the year	—	—	—	14,010	14,010
Changes in exchange rates	—	—	24	—	24
As at 31 December 2002	42,450	61,685	24	14,009	118,168
Loss for the year	—	—	—	(2,033)	(2,033)
Dividend paid	—	—	—	(12,790)	(12,790)
Changes in exchange rates	—	—	312	—	312
As at 31 December 2003	42,450	61,685	336	(814)	103,657
Representing:					
2003 final dividend proposed		19,800			
Others		41,885			
		61,685			

Pursuant to the Companies Law of the Cayman Islands and the Company's Articles of Association, in addition to the accumulated profits/(losses) of the Company, the ordinary share premium account of the Company is also available for distribution to shareholders provided that the Company will be able to pay its debts as they fall due in the ordinary course of business immediately following the date on which any such distribution is proposed to be paid. Accordingly, the Company's reserves available for distribution to shareholders at 31 December 2003 amounted to approximately RMB60,871,000 (2002: RMB75,694,000).