

Consolidated Statement of Changes in Equity

For the year ended 31 December 2003

	Share capital RMB'000	Share premium RMB'000	Discretionary common reserve RMB'000 <i>Note (a)</i>	Statutory public welfare fund RMB'000 <i>Note (b)</i>	Statutory common reserve RMB'000 <i>Note (c)</i>	Goodwill reserve RMB'000	Accumulated profits RMB'000	Total RMB'000
THE GROUP								
At 1 January 2002								
- as originally stated	1,197,742	996,660	173,304	111,329	110,706	(28,155)	307,289	2,868,875
- prior period adjustment (Note 2)	-	-	-	-	-	-	(4,686)	(4,686)
- as restated	1,197,742	996,660	173,304	111,329	110,706	(28,155)	302,603	2,864,189
Net profit for the year	-	-	-	-	-	-	55,022	55,022
Transfer	-	-	-	3,043	6,051	-	(9,094)	-
At 31 December 2002 and 1 January 2003	1,197,742	996,660	173,304	114,372	116,757	(28,155)	348,531	2,919,211
Net profit for the year	-	-	-	-	-	-	177,657	177,657
Transfer	-	-	-	20,510	34,630	-	(55,140)	-
At 31 December 2003	1,197,742	996,660	173,304	134,882	151,387	(28,155)	471,048	3,096,868

The accumulated profits of the Group include approximately RMB44,973,000 (2002: RMB107,171,000) retained by associates of the Group.

Notes:

- The discretionary common reserve represents the appropriation of certain percentage of profit after taxation of the PRC subsidiaries as recommended by the directors of these subsidiaries as reported under the PRC statutory financial statements.
- The statutory public welfare fund represents the appropriation of 5% to 10% profit after taxation of the PRC subsidiaries as determined under the PRC accounting standards according to the relevant law and the regulations stipulated by the Ministry of Finance of the State Council. The fund can be applied only for the collective welfare of the employees of the Group in the PRC. The public welfare fund is not distributable to shareholders. There has been no utilisation of the public welfare fund during the year.
- The movement in the statutory common reserve represents the appropriation of 10% of profit after taxation of the PRC subsidiaries as determined under the PRC accounting standards in accordance with the relevant law and the regulations stipulated by the Ministry of Finance of the State Council. The appropriation may cease to apply if the balance of the statutory common reserve has reached or exceeded 50% of the registered capital of the PRC subsidiaries.

According to the Articles of Association of the Company and of its subsidiaries established in the PRC, discretionary and statutory common reserves can be used to offset prior year losses, to expand business operations of the PRC subsidiaries or to increase registered capital by way of conversion of reserve to registered capital, provided that the amount of unconverted statutory common reserve shall not be less than 25% of the registered capital of the PRC subsidiaries.