

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2004

	Share capital RMB'000	Share premium RMB'000	Discretionary common reserve RMB'000 Note (a)	Statutory public welfare fund RMB'000 Note (b)	Statutory common reserve RMB'000 Note (c)	Goodwill reserve RMB'000	Investment property revaluation reserve RMB'000	Dividend reserve RMB'000	Accumulated profits RMB'000	Total RMB'000
At 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 and 1 January 2004	1,197,742	996,660	173,304	134,882	151,387	(28,155)	-	-	471,048	3,096,868
Revaluation surplus on investment property	-	-	-	-	-	-	2,737	-	-	2,737
Deferred tax liability arising from revaluation of investment properties	-	-	-	-	-	-	(474)	-	-	(474)
Net profit for the year	-	-	-	-	-	-	-	-	199,773	199,773
Proposed final dividend	-	-	-	-	-	-	-	50,305	(50,305)	-
Transfer	-	-	-	48,222	62,863	-	-	-	(112,085)	-
At 31 December 2004	1,197,742	996,660	173,304	183,104	215,250	(28,155)	2,263	50,305	508,431	3,298,904

The accumulated profits of the Group include approximately RMB58,159,000 (2003: RMB44,973,000) retained by associates of the Group.

## Notes:

- (a) 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.
- (b) 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.
- (c) 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.