

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2005

The Group

		Reserves							
	Share capital	Merger reserve	Share premium	Reserve fund	Enterprise expansion fund	Staff welfare fund	Exchange reserve	Retained profits	Total
	(Note a)	(Note b)		(Note b)	(Note b)	(Note b)			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2004	42,450	(11,085)	61,685	20,557	10,278	10,278	(128)	137,059	271,094
Issue of shares upon placing	4,999	—	53,489	—	—	—	—	—	58,488
Issue of shares upon acquisition of a thermal power plant	5,868	—	72,176	—	—	—	(264)	—	77,780
Exercise of share options	212	—	1,634	—	—	—	—	—	1,846
Share issuing expenses	—	—	(1,378)	—	—	—	—	—	(1,378)
Profit for the year	—	—	—	—	—	—	—	64,143	64,143
Transfer to statutory reserves	—	—	—	7,410	3,705	3,705	—	(14,820)	—
Dividends paid	—	—	(19,733)	—	—	—	—	—	(19,733)
Translation differences	—	—	—	—	—	—	46	—	46
As at 31 December 2004	53,529	(11,085)	167,873	27,967	13,983	13,983	(346)	186,382	452,286
Representing:									
2004 final dividend			17,700						
Others			150,173						
			167,873						
As at 1 January 2005	53,529	(11,085)	167,873	27,967	13,983	13,983	(346)	186,382	452,286
Profit for the year	—	—	—	—	—	—	—	61,886	61,886
Transfer to statutory reserves	—	—	—	7,306	3,653	3,653	—	(14,612)	—
Dividend paid	—	—	(17,700)	—	—	—	—	—	(17,700)
Translation differences	—	—	—	—	—	—	(550)	—	(550)
As at 31 December 2005	53,529	(11,085)	150,173	35,273	17,636	17,636	(896)	233,656	495,922
Representing:									
2005 final dividend proposed			17,303						
Others			132,870						
			150,173						

The notes on pages 36 to 65 form an integral part of these financial statements.

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For the year ended 31 December 2005

The Company

	Share capital <i>RMB'000</i>	Reserves			Total <i>RMB'000</i>
		Share premium <i>RMB'000</i>	Exchange reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	
As at 1 January 2004	42,450	61,685	336	(814)	103,657
Issue of shares upon placing	4,999	53,489	—	—	58,488
Issue of shares upon acquisition of a thermal power plant	5,868	72,176	(264)	—	77,780
Exercise of share options	212	1,634	—	—	1,846
Shares issuing expenses	—	(1,378)	—	—	(1,378)
Loss for the year	—	—	—	(2,912)	(2,912)
Dividend paid	—	(19,733)	—	—	(19,733)
Translation differences	—	—	148	—	148
As at 31 December 2004	<u>53,529</u>	<u>167,873</u>	<u>220</u>	<u>(3,726)</u>	<u>217,896</u>
Representing:					
2004 final dividend		17,700			
Others		<u>150,173</u>			
		<u>167,873</u>			
As at 1 January 2005	53,529	167,873	220	(3,726)	217,896
Loss for the year	—	—	—	(1,758)	(1,758)
Dividend paid	—	(17,700)	—	—	(17,700)
Translation differences	—	—	(3,608)	—	(3,608)
As at 31 December 2005	<u>53,529</u>	<u>150,173</u>	<u>(3,388)</u>	<u>(5,484)</u>	<u>194,830</u>
Representing:					
2005 final dividend proposed		17,303			
Others		<u>132,870</u>			
		<u>150,173</u>			

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## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2005

*Note:*

- (a) Merger reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company in exchange for the nominal amount of the share capital of its subsidiaries at the date when those subsidiaries became member of the Group.
- (b) Two subsidiaries of the Group established in the People's Republic of China ("PRC"), being foreign investment enterprises, are 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 relevant subsidiary. The reserve fund cannot be distributed in form of cash.

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

The staff welfare fund can only be utilised for the benefits of the employees. The boards of directors of the subsidiaries have resolved to appropriate 5% of their net profits to staff welfare fund.

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