

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2005

| | Attributable to equity holders of the Company | | | | | | | | | |
|---|---|---------------|-----------------|---------------------------|-------------------------------|---------------------|------------------|-------------------------|--------------------|----------|
| | Issued capital | Share premium | Special reserve | Statutory surplus reserve | Statutory public welfare fund | Translation reserve | Retained profits | Proposed final dividend | Minority interests | Total |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At 1 January 2004 | - | - | 83,570 | 10,176 | 1,866 | 202 | 45,397 | - | 40,710 | 181,921 |
| Capitalisation issue of shares | 31,860 | (31,860) | - | - | - | - | - | - | - | - |
| New issue on public listing | 10,620 | 47,790 | - | - | - | - | - | - | - | 58,410 |
| Share issue expenses | - | (11,854) | - | - | - | - | - | - | - | (11,854) |
| Exchange differences arising from translation of foreign operations | - | - | - | - | - | 150 | - | - | - | 150 |
| Appropriations | - | - | - | 6,169 | 3,084 | - | (9,253) | - | - | - |
| Profit for the year | - | - | - | - | - | - | 41,229 | - | 11,045 | 52,274 |
| Proposed final dividend | - | - | (12,000) | - | - | - | - | 12,000 | - | - |
| At 31 December 2004, as previously reported | 42,480 | 4,076 | 71,570 | 16,345 | 4,950 | 352 | 77,373 | 12,000 | 51,755 | 280,901 |
| Opening adjustments – changes in fair value of derivative financial instruments | - | - | - | - | - | - | (1,178) | - | (342) | (1,520) |
| At 1 January 2005, as restated | 42,480 | 4,076 | 71,570 | 16,345 | 4,950 | 352 | 76,195 | 12,000 | 51,413 | 279,381 |
| Acquisitions of a subsidiary | - | - | - | - | - | - | - | - | 25,468 | 25,468 |
| Exchange differences arising from translation of foreign operations | - | - | - | - | - | (1,070) | - | - | - | (1,070) |
| Appropriations | - | - | - | 300 | - | - | (282) | - | - | 18 |
| Profit for the year | - | - | - | - | - | - | 308 | - | 452 | 760 |
| Dividend paid – 2004 | - | - | - | - | - | - | - | - | (11,464) | (11,464) |
| Dividend paid | - | - | - | - | - | - | - | (12,000) | - | (12,000) |
| Proposed final dividend | - | - | (4,000) | - | - | - | - | 4,000 | - | - |
| At 31 December 2005 | 42,480 | 4,076 | 67,570 | 16,645 | 4,950 | (718) | 76,221 | 4,000 | 65,869 | 281,093 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

For the year ended 31 December 2005

(I) SPECIAL RESERVE

The amount represents the paid-in capital of the Company of 1 share of HK\$0.1 each and the special reserve of RMB83,570,000 arising from exchange of 1 share of the Company of HK\$0.1 for the entire share capital of Bamian Investments Pte Limited pursuant to the reorganisation scheme dated 12 December 2004.

(II) STATUTORY SURPLUS RESERVE

The Articles of Association of Guangzhou Mayer Corporation Limited (“Guangzhou Mayer”) requires the appropriation of 10% of its profit after taxation, based on its statutory auditors’ accounts, each year to the statutory surplus reserve until the balance reaches 50% of the registered capital. According to the provision of the Articles of Association of Guangzhou Mayer, in normal circumstances, the statutory surplus reserve shall only be used for making up losses, capitalisation into share capital and expansion of the production and operation of Guangzhou Mayer. For the capitalisation of statutory surplus reserve into share capital, the remaining amount of such reserve shall not be less than 25% of the registered share capital.

(III) STATUTORY PUBLIC WELFARE FUND

Pursuant to the PRC Company Law applicable to joint-stock company in previous years, Guangzhou Mayer shall make allocation from its profit after taxation at the rate of 5% to 10% to the statutory public welfare fund, based on its statutory auditors’ accounts. The statutory public welfare fund can only be utilised on capital items for employees’ collective welfare. Individual employees only have the right to use these facilities, the titles to which will remain with the company. The statutory public welfare fund forms part of the shareholders’ equity but is non-distributable other than in liquidation. With effective from 1 January 2006, the appropriation is not a statutory requirement in accordance with the PRC Company Law (2005 Amendment). The appropriation is subject to the shareholders’ approval in the annual shareholders meeting of Guangzhou Mayer. Guangzhou Mayer has early adopted the amended Company Law and thus no appropriation has been made during the year.

The notes on pages 36 to 72 form an integral part of these financial statements.