

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2006

	Reserves								Total
	Share capital	Merger reserve	Share premium	Reserve fund	Enterprise expansion fund	Staff welfare fund	Foreign currency translation reserve	Retained profits	
	RMB'000	(Note a) RMB'000	RMB'000	(Note b) RMB'000	(Note b) RMB'000	(Note b) RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2005	53,529	(11,085)	167,873	27,967	13,983	13,983	(346)	186,382	452,286
Translation differences and net expense recognised directly in equity	—	—	—	—	—	—	(550)	—	(550)
Profit for the year	—	—	—	—	—	—	—	61,886	61,886
Total recognised income and expense for the year	—	—	—	—	—	—	(550)	61,886	61,336
Transfer to statutory reserves	—	—	—	7,306	3,653	3,653	—	(14,612)	—
Dividend paid	—	—	(17,700)	—	—	—	—	—	(17,700)
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						
At 1 January 2006	53,529	(11,085)	150,173	35,273	17,636	17,636	(896)	233,656	495,922
Translation differences and net income recognised directly in equity	—	—	—	—	—	—	716	—	716
Profit for the year	—	—	—	—	—	—	—	57,797	57,797
Total recognised income and expense for the year	—	—	—	—	—	—	716	57,797	58,513
Transfer to statutory reserves	—	—	—	6,243	3,121	3,121	—	(12,485)	—
Dividend paid	—	—	(17,303)	—	—	—	—	—	(17,303)
At 31 December 2006	53,529	(11,085)	132,870	41,516	20,757	20,757	(180)	278,968	537,132
Representing:									
2006 final dividend proposed			15,857						
Others			117,013						
			132,870						

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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 members of the Group.
- (b) Two subsidiaries of the Group established in the People's Republic of China (the "PRC"), being foreign 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 tax 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.