

Consolidated Statement of Changes in Equity

For the year ended 31 December 2006

	Attributable to equity holders of the Company									
	Share capital	Share premium	Special reserve	Capital contribution reserve	Statutory common reserve	Statutory public welfare fund	Retained earnings	Total	Attributable to minority interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(note a)	(note b)				
At 1 January 2005	92,264	—	110,445	(250,510)	34,629	17,315	333,020	337,163	404,301	741,464
Profit for the year, representing total recognised income for the year	—	—	—	—	—	—	116,171	116,171	205,951	322,122
Appropriations	—	—	—	—	35,505	17,752	(53,257)	—	—	—
Dividend	—	—	—	—	—	—	(15,721)	(15,721)	(11,199)	(26,920)
Issue of shares upon incorporation	1	—	—	—	—	—	—	1	—	1
Exchange of shares upon group reorganisation (note c)	(92,182)	—	92,182	—	—	—	—	—	—	—
Contribution from shareholders	—	—	—	123,808	—	—	—	123,808	88,192	212,000
Dilution of interest in a subsidiary	—	—	—	—	—	—	—	—	2,074	2,074
Acquisition of additional interest in subsidiaries resulting from group restructuring (note d)	—	—	80,725	—	—	—	—	80,725	(179,424)	(98,699)
At 31 December 2005 and 1 January 2006	83	—	283,352	(126,702)	70,134	35,067	380,213	642,147	509,895	1,152,042
Profit for the year, representing total recognised income for the year	—	—	—	—	—	—	194,235	194,235	150,634	344,869
Appropriations	—	—	—	—	34,439	—	(34,439)	—	—	—
Dividend	—	—	—	—	—	—	(18,627)	(18,627)	(8,200)	(26,827)
Transfer (note e)	—	—	—	—	35,067	(35,067)	—	—	—	—
Capitalisation issue (note f)	90,500	(90,500)	—	—	—	—	—	—	—	—
Issue of shares through initial public offering	38,822	1,156,907	—	—	—	—	—	1,195,729	—	1,195,729
Transaction costs attributable to issue of shares	—	(107,669)	—	—	—	—	—	(107,669)	—	(107,669)
At 31 December 2006	129,405	958,738	283,352	(126,702)	139,640	—	521,382	1,905,815	652,329	2,558,144

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Notes:

- (a) According to the Articles of Association of the subsidiaries, Jiangsu Xingda Steel Type Cords Co., Ltd. ("Jiangsu Xingda"), Xinghua Municipality Lianxing Machinery Manufacturing Co., Ltd. ("Xinghua Lianxing") and Shanghai Xingda Steel Tyre Cords Co., Ltd. ("Shanghai Xingda"), they are required to transfer 10% of the profit after tax to the statutory common reserve until the reserve reaches 50% of the registered capital. Transfer to this fund must be made before distributing dividends to shareholders. The statutory common reserve can be used to make up for previous year's losses, expand the existing operations or convert into additional capital of the subsidiaries.
- (b) According to the Articles of Association of the subsidiaries, Jiangsu Xingda, Xinghua Lianxing and Shanghai Xingda, they are required to transfer 5% to 10% of the profit after tax to the statutory public welfare fund. Transfer to this fund must be made before distributing dividends to shareholders. This fund can be used for the collective welfare of the employees of the subsidiaries in the People's Republic of China (the "PRC"). The public welfare fund is not distributable to shareholders. There has been no utilisation of the public welfare fund during both years.
- (c) Special reserve represents the difference between the paid-in capital of Faith Maple International Ltd ("Faith Maple") acquired by the Company and the nominal value of the share capital of the Company through an exchange of shares.
- (d) Special reserve arising from the acquisition of additional 11.14% equity interest in Jiangsu Xingda and additional 40% equity interest in Xinghua Lianxing during the group restructuring in 2005.
- (e) In accordance with the latest PRC relevant laws and regulations, the unutilised statutory public welfare fund should be transferred to statutory common reserve.
- (f) On 3 December 2006, the Company capitalised an amount of HK\$89,922,000 (approximately RMB90,500,000) from the amount standing to the credit of the share premium account to pay up in full at par 899,220,000 shares for allotment and issue to persons whose names appear on the register of shareholders of the Company at the close of business on 30 November 2006 in proportion to their then respective shareholdings in the Company.