

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2006

	Attributable to equity holders of the Company									
	Share capital	Share premium	Capital reserve	Other reserve	Statutory surplus reserve fund	Statutory public welfare fund	Accumulated losses	Total	Minority interests	Total
	RMB'000	RMB'000	RMB'000 (Note a)	RMB'000 (Note b)	RMB'000 (Note c)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1st January 2005	400,000	303,272	287,391	10,828	31,773	19,111	(501,161)	551,214	112,638	663,852
Profit for the year	—	—	—	—	—	—	28,255	28,255	(13,089)	15,166
Dividend paid to minority shareholders	—	—	—	—	—	—	—	—	(2,800)	(2,800)
Acquisition from a minority shareholder	—	—	—	—	—	—	—	—	(13,811)	(13,811)
Share of reserves of associates	—	—	1,464	—	12	—	—	1,476	—	1,476
Realised on disposal of an associate	—	—	—	—	(6)	—	—	(6)	—	(6)
At 31st December 2005	400,000	303,272	288,855	10,828	31,779	19,111	(472,906)	580,939	82,938	663,877
Profit for the year	—	—	—	—	—	—	139,294	139,294	2,215	141,509
Dividend paid to minority shareholders	—	—	—	—	—	—	—	—	(2,300)	(2,300)
Capital contribution by minority shareholders of a subsidiary	—	—	—	—	—	—	—	—	11,161	11,161
Share of reserves of associates	—	—	—	—	129	—	—	129	—	129
Realised on disposal of an associate	—	—	—	(246)	—	—	—	(246)	—	(246)
Transfer (Note d)	—	—	—	—	19,111	(19,111)	—	—	—	—
At 31st December 2006	400,000	303,272	288,855	10,582	51,019	—	(333,612)	720,116	94,014	814,130

In accordance with the Company's Articles of Association, for the purpose of the distribution of profits of the Company, profits available for distribution in relation to a financial year shall be the lesser of the amount calculated according to the People's Republic of China (the "PRC") accounting standard and the amount calculated according to the Hong Kong Financial Reporting Standards. In addition, the profit after taxation is required to be distributed in the following orders:

- (i) to offset accumulated losses brought forward;
- (ii) to allocate 10% of the profit after taxation calculated in accordance with the PRC accounting standards to the statutory surplus reserve fund;
- (iii) prior to 1st January 2006, to allocate 10% of the profit after taxation calculated in accordance with the PRC accounting standards to the statutory public welfare fund, and since then it is not required to transfer any profit after taxation to the statutory public welfare fund;
- (iv) to provide discretionary surplus reserve; and
- (v) to pay dividends.

The Company has no reserves available for distribution as at 31st December 2005 and 2006.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(CONTINUED)*

FOR THE YEAR ENDED 31ST DECEMBER 2006

Notes:

(a) Capital reserve

The amount represents the reserve arising on acquisition of the entire business and undertakings pursuant to the reorganisation in 1994. Capital reserve can only be used to increase share capital.

(b) Other reserve

The amount represents share of other reserve of an associate arising from waiver of amount due to a shareholder of such associate.

(c) Statutory surplus reserve fund

In accordance with the relevant laws and financial regulations, the Company and its subsidiaries are required to transfer 10% of the profit after taxation prepared in accordance with the PRC regulations to the statutory surplus reserve fund every year until the balance reaches 50% of the paid up share capital. Such reserve can be used to reduce any losses incurred and to increase the share capital. Except for the reduction of losses incurred, any other usage should not result in this reserve balance falling below 25% of the registered capital.

(d) Statutory public welfare fund

Prior to 1st January 2006, in accordance with the relevant laws and regulations, the Company and its subsidiaries are required to transfer between 5% and 10% of their profits after taxation prepared in accordance with the PRC regulations to the statutory public welfare fund every year. The use of this fund is restricted to capital expenditure on staff collective welfare facilities and such facilities are owned by the Company and its subsidiaries. The statutory public welfare is not available for distribution to shareholders (except in liquidation). Once the capital expenditure on staff welfare facilities has been made, an equivalent amount must be transferred from the statutory public welfare fund to the discretionary surplus reserve account.

Starting from 1st January 2006, the Group is not required to transfer any profit after taxation to statutory public welfare reserve in accordance with the amendment on Section 167 of Chapter One in the PRC Companies Ordinance. Therefore, the Group transferred the balances of the statutory public welfare reserve as at 1st January 2006 to the statutory surplus reserve during the year.