

Statements of Changes in Shareholders' Equity

For the Year Ended 31 December 2002

	Issued capital	Share premium	Reserve fund	Surplus reserve	Welfare fund	Merger reserve	Con- tributed surplus	Currency translation reserve	Retained profits/ (accumu- lated losses)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group										
At 1 January 2001	197,290	15,709	41,423	2,123	1,061	(212)	—	1,125	461,604	720,123
Disposal of a subsidiary	—	—	—	(2,123)	(1,061)	—	—	—	3,184	—
Negative goodwill released on disposal of a subsidiary	—	—	—	—	—	—	—	—	(3,548)	(3,548)
Transfer from retained profits to statutory reserve fund	—	—	16,571	—	—	—	—	—	(16,571)	—
Profit attributable to shareholders	—	—	—	—	—	—	—	—	143,680	143,680
At 31 December 2001 and 1 January 2002	197,290	15,709	57,994	—	—	(212)	—	1,125	588,349	860,255
Transfer from retained profits to statutory reserve fund	—	—	1,964	—	—	—	—	—	(1,964)	—
Loss attributable to shareholders	—	—	—	—	—	—	—	—	(144,684)	(144,684)
At 31 December 2002	197,290	15,709	59,958	—	—	(212)	—	1,125	441,701	715,571
Company										
At 1 January 2001	197,290	15,709	—	—	—	—	451,858	—	(4,164)	660,693
Net loss for the year	—	—	—	—	—	—	—	—	(21,867)	(21,867)
At 31 December 2001 and 1 January 2002	197,290	15,709	—	—	—	—	451,858	—	(26,031)	638,826
Net loss for the year	—	—	—	—	—	—	—	—	(9,711)	(9,711)
At 31 December 2002	197,290	15,709	—	—	—	—	451,858	—	(35,742)	629,115

The notes on pages 26 to 64 form an integral part of these financial statements.

Note:

Mainland China laws and regulations require the Group's Mainland China companies to provide for certain statutory funds, namely, reserve fund and staff welfare fund, which are appropriated from the net profit as reported in the statutory financial statements but before dividend distribution. They are required to allocate 10% of their net profit to reserve fund until the balance of such fund has reached 50% of their registered capital. The reserve fund can only be used, upon approval by the relevant authority, to offset accumulated losses or increase capital. Appropriation to staff welfare fund is at the discretion of the directors. Since the dates of establishment, respective companies now comprising the Group have not appropriated any profit to the staff welfare fund.

The merger reserve of the Group represents the difference between the amount of the capital of the subsidiaries at the date on which they were acquired by the Company and the nominal amount of the Company's share issued as consideration for the acquisition.

The contributed surplus of the Company represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of subsidiaries acquired through an exchange of shares pursuant to the reorganisation on 25 September 2000.

The Company's reserves as at 31 December 2002 available for distribution to shareholders are represented by the contributed surplus of approximately RMB451,858,000 (2001: RMB451,858,000) less accumulated losses of approximately RMB35,742,000 (2001: RMB26,031,000).

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