

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 July 2004 to 31 December 2004

	Share capital HK\$	Share premium HK\$	Special reserve HK\$	Investment revaluation reserve HK\$	Currency translation reserve HK\$	Goodwill reserve HK\$	Deficit HK\$	Total HK\$
At 1 July 2003	11,492,618	34,619,060	604,496,567	(9,948,070)	(4,866,996)	(2,192,005)	(521,392,945)	112,208,229
Exercise of warrants	17	1,506	—	—	—	—	—	1,523
Disposal of subsidiaries	—	—	—	9,948,070	4,866,996	15,365	—	14,830,431
Loss for the year	—	—	—	—	—	—	(44,214,629)	(44,214,629)
At 30 June 2004	11,492,635	34,620,566	604,496,567	—	—	(2,176,640)	(565,607,574)	82,825,554
Loss for the period	—	—	—	—	—	—	(6,321,713)	(6,321,713)
At 31 December 2004	<u>11,492,635</u>	<u>34,620,566</u>	<u>604,496,567</u>	<u>—</u>	<u>—</u>	<u>(2,176,640)</u>	<u>(571,929,287)</u>	<u>76,503,841</u>

The special reserve of the Group represents the difference between the nominal value of the share capital and share premium of iQuorum Cybernet Limited acquired pursuant to the group reorganisation effective on 20 December 2001, over the nominal value of the Company's shares issued in exchange thereof.