

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2004

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note 1)	Warrant reserve HK\$'000	Option reserve HK\$'000 (Note 2)	Goodwill reserve HK\$'000 (Note 3)	Translation reserve HK\$'000	Deficit HK\$'000	Total HK\$'000
At 1 January 2003	17,177	240,779	88,643	-	-	(38,478)	637	(209,265)	99,493
Exchange differences arising on translation of financial statements of operations outside Hong Kong and loss not recognised in the consolidated income statement	-	-	-	-	-	-	(251)	-	(251)
Issue of shares	8,589	77,298	-	-	-	-	-	-	85,887
Expenses incurred in connection with the issue of shares	-	(4,696)	-	-	-	-	-	-	(4,696)
Released on disposal of subsidiaries	-	-	-	-	-	38,571	(147)	-	38,424
Profit for the year	-	-	-	-	-	-	-	36,848	36,848
At 31 December 2003	25,766	313,381	88,643	-	-	93	239	(172,417)	255,705
Issue of warrants	-	-	-	26,520	-	-	-	-	26,520
Expenses incurred in connection with the issue of warrants	-	-	-	(1,953)	-	-	-	-	(1,953)
Issue of shares	1,459	14,872	-	(2,922)	-	-	-	-	13,409
Repurchase of warrants	-	-	-	(1,587)	-	-	-	-	(1,587)
Surplus arising on repurchase of warrants not recognised in the consolidated income statement	-	-	-	-	-	-	-	266	266
Repurchase of shares	(1,480)	(22,039)	-	-	-	-	-	-	(23,519)
Equity-settled consultancy services	-	-	-	-	17,461	-	-	-	17,461
Loss for the year	-	-	-	-	-	-	-	(60,992)	(60,992)
At 31 December 2004	25,745	306,214	88,643	20,058	17,461	93	239	(233,143)	225,310

The deficit of the Group included deficit of HK\$9,570,000 (2003: HK\$9,570,000) retained by an associate of the Group.

Notes:

- (1) Special reserve represents the aggregate of:
  - (i) the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital and the share premium account of LifeTec (Holdings) Limited, the subsidiary which was acquired by the Company pursuant to the group reorganisation in 1996, and
  - (ii) the effects of the capital reduction, share premium cancellation and elimination of deficit, took place in 1999.
- (2) Option reserve, which relates to the issue of 250,000,000 share options in the current year and 91,375,000 share options in the prior year as set out in note 31, represents fair value of the consultancy services provided or to be provided by certain consultants to the Group in relation to the scope of services as set out in note 31.
- (3) Goodwill reserve at 31 December 2004 comprises HK\$93,000 (2003: HK\$93,000) in respect of negative goodwill.