

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2005

(Expressed in Hong Kong dollars)

	Share capital '000	Share premium (note (a)) '000	Special reserve (note (b)) '000	Translation reserve (note (c)) '000	PRC statutory reserve (note (e)) '000	Accumulated profits/ (losses) '000	Total '000	Minority	
								interests '000	Total equity '000
At 1 January 2004	\$1	\$—	\$—	\$(526)	\$5,165	\$95,123	\$99,763	\$52,096	\$151,859
Exchange adjustment	—	—	—	—	—	—	—	345	345
Exchange differences arising from translation of operations outside Hong Kong	—	—	—	2,676	—	—	2,676	—	2,676
Acquisition of subsidiaries	151,999	202,986	(251,428)	—	—	(881,000)	(777,443)	—	(777,443)
Transfers	—	—	—	—	16,909	(16,909)	—	—	—
Profit for the year	\$152,000	\$202,986	\$(251,428)	\$2,150	\$22,074	\$(802,786)	\$(675,004)	\$52,441	\$(622,563)
Dividend	—	—	—	—	—	114,769	114,769	9,570	124,339
	—	—	—	—	—	(50,000)	(50,000)	—	(50,000)
At 31 December 2004									
— as previously reported	\$152,000	\$202,986	\$(251,428)	\$2,150	\$22,074	\$(738,017)	\$(610,235)	\$62,011	\$(548,224)
Reclassification of payable to minority shareholders	—	—	—	—	—	—	—	(53,498)	(53,498)
— as reclassified	\$152,000	\$202,986	\$(251,428)	\$2,150	\$22,074	\$(738,017)	\$(610,235)	\$8,513	\$(601,722)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

for the year ended 31 December 2005

(Expressed in Hong Kong dollars)

	Share		Special reserve	Translation reserve	Capital reserve	PRC		Minority Total interests	Total equity	
	capital	premium				statutory reserve	Accumulated profits/ (losses)			
	(note (a))	(note (a))	(note (b))	(note (c))	(note (d))	(note (e))				
	'000	'000	'000	'000	'000	'000	'000	'000	'000	
At 1 January 2005										
— as reclassified before opening balance	\$152,000	\$202,986	\$(251,428)	\$2,150	\$—	\$22,074	\$(738,017)	\$(610,235)	\$8,513	\$(601,722)
— opening balance adjustment — HKAS 39	—	—	—	—	74,813	—	—	74,813	—	74,813
At 1 January 2005, after opening balance adjustment	\$152,000	\$202,986	\$(251,428)	\$2,150	\$74,813	\$22,074	\$(738,017)	\$(535,422)	\$8,513	\$(526,909)
Exchange adjustment	—	—	—	—	—	—	—	—	318	318
Exchange differences arising from translation of operations outside Hong Kong	—	—	—	205	—	—	—	205	—	205
Issue of shares on exercise of convertible notes	100,000	201,631	—	—	(32,957)	—	—	268,674	—	268,674
Issue of shares	10,000	87,385	—	—	—	—	—	97,385	—	97,385
Profit for the year	—	—	—	—	—	—	92,569	92,569	10,540	103,109
Dividend	—	—	—	—	—	—	(26,200)	(26,200)	—	(26,200)
At 31 December 2005	\$262,000	\$492,002	\$(251,428)	\$2,355	\$41,856	\$22,074	\$(671,648)	\$(102,789)	\$19,371	\$(83,418)

Notes:

- (a) The application of the share premium account is governed by the Companies Law (Revised) of the Cayman Islands.
- (b) The special reserve arose from the reverse acquisition in December 2004.
- (c) The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 1(s).
- (d) The capital reserve comprises the value of the unexercised equity component of convertible notes issued by the Company recognised in accordance with the accounting policy adopted for convertible notes in note 1(j).
- (e) According to the articles of association and board resolution of GD (Panyu), 0%–10% of the profit before taxation may be transferred to a PRC statutory reserve at the discretion of GD (Panyu)'s directors.