

# STATEMENTS

## OF CHANGES IN EQUITY

For the year ended 31 December 2005

	Group								
	Attributable to equity holders of the Company								
	Share capital	Share premium	Exchange reserve	Retained profits	Statutory surplus reserve	Enterprise expansion and general reserve funds	Total	Minority interest	Total equity
	HK\$'000	HK\$'000 (Note a)	HK\$'000	HK\$'000	HK\$'000 (Note d)	HK\$'000 (Note e)	HK\$'000	HK\$'000	HK\$'000
At 1 January 2004	-	6,060	1,271	123,446	5,016	3,934	139,727	-	139,727
Currency translation differences									
- Group	-	-	75	-	-	-	75	-	75
Share issue expenses	-	(19,402)	-	-	-	-	(19,402)	-	(19,402)
Net income/(expenses) recognised directly in equity	-	(19,402)	75	-	-	-	(19,327)	-	(19,327)
Profit for the year	-	-	-	110,815	-	-	110,815	71	110,886
Total recognised income/(expenses) for 2004	-	(19,402)	75	110,815	-	-	91,488	71	91,559
Acquisition of a subsidiary	-	-	-	-	-	-	-	3,014	3,014
Transfer from retained profits - Group	-	-	-	(8,310)	8,310	-	-	-	-
Dividend paid by a subsidiary for 2003 (Note 12)	-	-	-	(42,000)	-	-	(42,000)	-	(42,000)
Dividend paid for 2004 (Note 12)	-	-	-	(20,000)	-	-	(20,000)	-	(20,000)
New issue of shares on public offer and placing (Note 27(e))	800	187,200	-	-	-	-	188,000	-	188,000
Capitalisation of share premium (Note 27(c) and (d))	3,200	(3,200)	-	-	-	-	-	-	-
	4,000	184,000	-	(70,310)	8,310	-	126,000	3,014	129,014
At 31 December 2004	4,000	170,658	1,346	163,951	13,326	3,934	357,215	3,085	360,300

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For the year ended 31 December 2005

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	Attributable to equity holders of the Company								
	Share capital	Share premium	Exchange reserve	Retained profits	Statutory surplus reserve	Enterprise expansion and general reserve funds	Total	Minority interest	Total equity
	HK\$'000	HK\$'000 (Note a)	HK\$'000	HK\$'000	HK\$'000 (Note d)	HK\$'000 (Note e)	HK\$'000	HK\$'000	HK\$'000
At 1 January 2005	4,000	170,658	1,346	163,951	13,326	3,934	357,215	3,085	360,300
Currency translation differences									
– Group	–	–	3,743	–	–	–	3,743	89	3,832
– Associates	–	–	776	–	–	–	776	–	776
Share issue expenses	–	(7,221)	–	–	–	–	(7,221)	–	(7,221)
Net income/(expenses) recognised directly in equity	–	(7,221)	4,519	–	–	–	(2,702)	89	(2,613)
Profit for the year	–	–	–	181,353	–	–	181,353	3,486	184,839
Total recognised income/(expenses) for 2005	–	(7,221)	4,519	181,353	–	–	178,651	3,575	182,226
Transfer from retained profits									
– Group	–	–	–	(73)	31	42	–	–	–
– Associates	–	–	–	(4,116)	4,116	–	–	–	–
Dividends paid for 2004 (Note 12)	–	–	–	(39,960)	–	–	(39,960)	–	(39,960)
Dividends paid for 2005 (Note 12)	–	–	–	(48,000)	–	–	(48,000)	–	(48,000)
Issue of new shares (Note 27(f))	800	199,200	–	–	–	–	200,000	–	200,000
	800	199,200	–	(92,149)	4,147	42	112,040	–	112,040
<b>At 31 December 2005</b>	<b>4,800</b>	<b>362,637</b>	<b>5,865</b>	<b>253,155</b>	<b>17,473</b>	<b>3,976</b>	<b>647,906</b>	<b>6,660</b>	<b>654,566</b>

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## OF CHANGES IN EQUITY

For the year ended 31 December 2005

	Share capital HK\$'000	Share premium HK\$'000	Company Accumulated losses HK\$'000	Total HK\$'000
	(Note b and c)			
Net expenses recognised directly in equity				
– Share issue expenses	–	(19,402)	–	(19,402)
Profit for the year	–	–	14,443	14,443
Total recognised income/(expenses) for 2004	–	(19,402)	14,443	(4,959)
Dividend paid for 2004 (Note 12)	–	–	(20,000)	(20,000)
New issue of shares on public offer and placing (Note 27(e))	800	187,200	–	188,000
Capitalisation of share premium (Note 27(c) and (d))	3,200	(3,200)	–	–
At 31 December 2004 and 1 January 2005	4,000	164,598	(5,557)	163,041
Net expenses recognised directly in equity				
– Share issue expenses	–	(7,221)	–	(7,221)
Loss for the year	–	–	(7,226)	(7,226)
Total recognised income/(expenses) for 2005	–	(7,221)	(7,226)	(14,447)
Dividends paid for 2004 (Note 12)	–	–	(39,960)	(39,960)
Dividends paid for 2005 (Note 12)	–	–	(48,000)	(48,000)
Issue of new shares (Note 27(f))	800	199,200	–	200,000
At 31 December 2005	4,800	356,577	(100,743)	200,634

### Notes:

- (a) The share premium account of the Group includes (i) the premium arising from the issue of shares of the Company; and (ii) the difference between the nominal value of the share capital of the subsidiary acquired pursuant to a group reorganisation (the “Group Reorganisation”) to rationalise the structure of the Group in preparation for the listing of the Company’s shares on the main board of The Hong Kong Stock Exchange Limited, over the nominal value of the shares of the Company issued in exchange therefor.
- (b) The share premium account of the Company includes (i) the premium arising from the issue of shares of the Company; and (ii) the difference between the nominal value of the shares of the subsidiary acquired pursuant to the Group Reorganisation, over the nominal value of the shares of the Company issued in exchange therefor.
- (c) In accordance with the Companies Law of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium may also be distributed in the form of fully paid bonus shares.
- (d) Subject to certain restrictions set out in the Company Law of the People’s Republic of China (the “PRC”), part of the statutory surplus reserve may be converted to increase share capital, provided that the remaining balance after capitalisation is not less than 25% of the registered capital.
- (e) According to the PRC Foreign Enterprise Accounting Standards, upon approval, the enterprise expansion reserve fund may be used for increasing capital while general reserve fund may be used for making up losses and increasing capital.