

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2005

	Attributable to the Company's equity holders								
	Share Capital	Share premium	Special reserve	Translation reserve	Statutory reserve	Goodwill reserve	Accumulated Deficit	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2004	11,493	34,621	604,497	-	-	(2,177)	(565,608)	-	82,826
Loss for the period	-	-	-	-	-	-	(6,322)	-	(6,322)
At 31 December 2004	11,493	34,621	604,497	-	-	(2,177)	(571,930)	-	76,504
Effect on adoption of HKAS 1	-	-	-	-	-	-	-	1,167	1,167
At 1 January 2005, as restated	11,493	34,621	604,497	-	-	(2,177)	(571,930)	1,167	77,671
Effect on adoption of HKFRS 3	-	-	-	-	-	2,177	-	-	2,177
Acquisition of subsidiaries	-	-	-	-	14	-	-	34,983	34,997
Exchange differences on consolidation	-	-	-	(216)	-	-	-	-	(216)
Profit for the year	-	-	-	-	-	-	(1,844)	2,825	981
At 31 December 2005	11,493	34,621	604,497	(216)	14	-	(573,774)	38,975	115,610

Special reserve

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 share issued in exchange thereof.

Statutory reserve

Statutory reserve of the Group represents statutory surplus reserve and statutory public welfare fund reserve.

Statutory surplus reserve

In accordance with the Group's articles of association, each entity shall appropriate 10% of its annual statutory net profit (after net off against any prior years' losses), prepared in accordance with the accounting principles and financial regulations applicable to companies established in the PRC (the "PRC GAAP"), to the statutory surplus reserve. When the balance of such statutory surplus reserve reaches 50% of the entity's share capital, any further appropriation is optional.

Statutory welfare fund reserve

In accordance with the Group's articles of association, each entity shall appropriate 5% to 10% of its annual statutory net profit (after offset against any prior years' losses), prepared in accordance with the PRC GAAP, to the statutory public welfare fund reserve.

Goodwill reserve

Goodwill reserve arising from acquisitions of subsidiaries prior to 1 July 2001 and would only be charged to income statement at the time of disposal of the relevant subsidiary, or as the goodwill is determined as impaired. Following from the adoption of HKFRS 3, the goodwill reserve has been reclassified and tested annually of impairment.

The accompanying notes form an integral part of these financial statements.