

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2005

| | Attributable to equity holders of the parent | | | | | | | | |
|--|--|------------------|-----------------------------|------------------------|--------------------|---|----------|-----------------------|----------|
| | Share capital | Share premium | Share options reserve | Translation reserve | Reserve funds | Accu- mulated profits (losses) | Total | Minority interests | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 (Note) | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 January 2004 | 41,500 | 6,592 | - | (1,076) | 228 | 56,258 | 103,502 | - | 103,502 |
| Issue of shares on private placements | 8,000 | 1,440 | - | - | - | - | 9,440 | - | 9,440 |
| Share issue expenses | - | (271) | - | - | - | - | (271) | - | (271) |
| Loss for the year | - | - | - | - | - | (18,401) | (18,401) | - | (18,401) |
| Exchange differences arising on translation of foreign operations | - | - | - | (350) | - | - | (350) | - | (350) |
| At 31 December 2004 and 1 January 2005 | 49,500 | 7,761 | - | (1,426) | 228 | 37,857 | 93,920 | - | 93,920 |
| Issue of shares | 23,950 | - | - | - | - | - | 23,950 | - | 23,950 |
| Share issue expenses | - | (405) | - | - | - | - | (405) | - | (405) |
| Recognition of equity-settled share based payment | - | - | 826 | - | - | - | 826 | - | 826 |
| Exercise of share options | - | 826 | (826) | - | - | - | - | - | - |
| Loss for the year | - | - | - | - | - | (44,172) | (44,172) | (87) | (44,259) |
| Acquisition of a subsidiary | - | - | - | - | - | - | - | 2,047 | 2,047 |
| Exchange differences arising on translation of foreign operations | - | - | - | 2,480 | - | - | 2,480 | - | 2,480 |
| At 31 December 2005 | 73,450 | 8,182 | - | 1,054 | 228 | (6,315) | 76,599 | 1,960 | 78,559 |

Note:

Pursuant to the relevant laws and regulations for business enterprises, a portion of the profits of the Group's entities which are incorporated in the People's Republic of China has been transferred to the statutory reserve fund and statutory welfare fund (together as the "reserve funds") which are restricted as to use.

The reserve funds are appropriated from the net profit after taxation but before dividend distribution at the discretion of their board of directors on at least 10% and 5% of the net profit, respectively. The reserve funds are provided for each entity until the balance of such fund has reached 50% of the entity's registered capital, the reserve funds may only be used upon approval by the relevant authority to offset against accumulated losses or to increase capital.

If the Group's reserve funds is not sufficient to compensate for losses in previous years, its current year's net profit is used to make good the losses before allocations are set aside for the reserve funds.