

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2005

	Attributable to equity holders of the parent																					
	Issued share capital HK\$'000	Share premium account HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000 (Note 35(a))	Statutory reserves HK\$'000 (Note 35(a))	Exchange fluctuation reserve HK\$'000	Retained profits/ accumulated losses HK\$'000	Proposed final dividend HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000											
												At 1 January 2004										
At 1 January 2004	232,215	-	340	-	119,951	(242)	1,391,447	271,098	2,014,809	-	2,014,809											
Dividend declared	-	-	-	-	-	-	(1,376,132)	-	(1,376,132)	-	(1,376,132)											
Dividend paid	-	-	-	-	-	-	-	(271,098)	(271,098)	-	(271,098)											
Arising from the issue of shares by the intermediate holding companies for the acquisition of subsidiaries	(148,616)	-	(218)	148,834	-	-	-	-	-	-	-											
Arising from the cash consideration paid by an intermediate holding company for the acquisition of subsidiaries	(83,597)	133,771	(122)	83,719	-	-	-	-	133,771	-	133,771											
Arising from the issue of shares by the Company for the acquisition of the intermediate holding companies	(2)	(133,771)	-	2	-	-	-	-	(133,771)	-	(133,771)											
Issue of new shares	282,750	1,093,475	-	-	-	-	-	-	1,376,225	-	1,376,225											
Arising from the joint venture established pursuant to the subscription agreement entered in between the Company and Alcatel on 18 June 2004	-	-	-	-	-	-	-	-	-	456,057	456,057											
Exchange realignment and total income and expenses for the year recognized directly in equity	-	-	-	-	-	2,699	-	-	2,699	2,209	4,908											
Net loss for the year (as restated)	-	-	-	-	-	-	(184,897)	-	(184,897)	(116,310)	(301,207)											
At 31 December 2004 (as restated)	282,750	1,093,475	-	232,555	119,951	2,457	(169,582)	-	1,561,606	341,956	1,903,562											

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2005

	Attributable to equity holders of the parent											
	Issued share capital HK\$'000	Share premium account HK\$'000	Share option reserve HK\$'000	Equity component			Exchange		Accumulated losses HK\$'000	Total HK\$'000	Minority interest HK\$'000	Total equity HK\$'000
				of convertible notes HK\$'000	Contributed surplus HK\$'000	Statutory reserve HK\$'000	fluctuation reserve HK\$'000	Total				
At 1 January 2005	282,750	1,093,475	-	-	232,555	119,951	2,457	(169,582)	1,561,606	341,956	1,903,562	
Issue of share for acquisition of minority interests	14,138	47,360	-	-	-	-	-	-	61,498	(55,318)	6,180	
Equity-settled share option arrangements	-	-	7,737	-	-	-	-	-	7,737	-	7,737	
Issue of convertible bonds	-	-	-	19,430	-	-	-	-	19,430	-	19,430	
Exchange realignment and total income and losses for the year recognized directly in equity	-	-	-	-	-	-	(1,122)*	-	(1,122)	1,234	112	
Net loss for the year	-	-	-	-	-	-	-	(1,608,204)*	(1,608,204)	(287,872)	(1,896,076)	
At 31 December 2005	296,888	1,140,835	7,737	19,430	232,555	119,951	1,335	(1,777,786)	40,945	-	40,945	

- (i) The contributed surplus arose as a result of the Reorganization as at 25 August 2004 which represented the excess of the par value of the 100% shares of Huizhou TCL Mobile Communication Co., Ltd. acquired over the nominal value of the shares of TCL Communication Technology Holdings Limited issued in exchange therefore.

* These reserve accounts comprise total losses for the year ended 31 December 2005 amounted to approximately HK\$1,609,326,000 (2004: HK\$182,198,000).