

Consolidated Statement of Changes in Equity

For the year ended 31 December 2005

	Share capital HK\$'000	Share premium HK\$'000 (Note (a))	Contributed surplus HK\$'000 (Note (b))	Capital Reserve HK\$'000 (Note (c))	Convertible Building revaluation reserve HK\$'000	Convertible loan equity reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2004 – as originally stated	10,384	-	170,942	6,055	-	-	(5,049)	182,332
Effect on adoption of HKAS 17	-	-	-	-	-	-	(3,702)	(3,702)
At 1 January 2004 – restated	10,384	-	170,942	6,055	-	-	(8,751)	178,630
Loss for the year and total recognised income and expenses for the year	-	-	-	-	-	-	(85,419)	(85,419)
Issue of shares due to rights issue	2,666	43,989	-	-	-	-	-	46,655
Issue of new shares due to exercise of share options	284	4,791	-	-	-	-	-	5,075
Share issue expenses	-	(1,149)	-	-	-	-	-	(1,149)
At 31 December 2004 and 1 January 2005	13,334	47,631	170,942	6,055	-	-	(94,170)	143,792
Gain on revaluation of building and total income recognised directly in equity	-	-	-	-	701	-	-	701
Loss for the year	-	-	-	-	-	-	(76,591)	(76,591)
Total recognised income and expenses for the year	-	-	-	-	701	-	(76,591)	(75,890)
Issue of new shares	8,120	127,020	-	-	-	-	-	135,140
Issue of new shares due to exercise of share options	397	5,871	-	-	-	-	-	6,268
Share issue expenses	-	(1,514)	-	-	-	-	-	(1,514)
Recognition of equity component of convertible loan notes	-	-	-	-	-	32,946	-	32,946
At 31 December 2005	21,851	179,008	170,942	6,055	701	32,946	(170,761)	240,742

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Notes:

- (a) Under the Companies Act 1981 of Bermuda (as amended), the share premium of the Company can be used in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares.
- (b) The contributed surplus of the Group represents the net amount arising from the reduction of share premium account, capital reduction and amounts transferred to write off the accumulated losses.
- (c) The capital reserve of the Group represents the difference between the nominal value of the share capital of Pricerite BVI Limited acquired pursuant to the Group reorganisation and the nominal value of the issued share capital of the Company issued in exchange thereof.
- (d) Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of a company is available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:
 - (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or
 - (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.