



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2006

| | Share capital | Share premium | Capital redemption reserve | Revaluation reserve | Exchange reserve | Special capital reserve | Capital reserve | Enterprise expansion fund and statutory reserve fund | Dividend reserve | Accumulated (losses) profits | Total | Minority interests | Total |
|--|---------------|---------------|----------------------------|---------------------|------------------|-------------------------|-----------------|--|------------------|------------------------------|-----------|--------------------|-----------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 (Note) | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 January 2005 | 927,450 | 1,418,117 | 1,019 | 2,940 | 24,732 | - | 1,800,537 | 89,824 | - | (2,586,499) | 1,678,120 | 196,267 | 1,874,387 |
| Movements in reserve of associates | - | - | - | - | (312) | - | - | - | - | - | (312) | - | (312) |
| Exchange differences on translation of the financial statements of overseas operations outside Hong Kong | - | - | - | - | (1,752) | - | - | - | - | - | (1,752) | (245) | (1,997) |
| Net loss recognised directly in equity | - | - | - | - | (2,064) | - | - | - | - | - | (2,064) | (245) | (2,309) |
| Profit for the period | - | - | - | - | - | - | - | - | - | 334,385 | 334,385 | 14,115 | 348,500 |
| Total recognised income and expense for the period | - | - | - | - | (2,064) | - | - | - | - | 334,385 | 332,321 | 13,870 | 346,191 |
| Shares issued at premium | 1,800 | 1,545 | - | - | - | - | - | - | - | - | 3,345 | - | 3,345 |
| Share issue expenses | - | (18) | - | - | - | - | - | - | - | - | (18) | - | (18) |
| Transfer to enterprise expansion and statutory reserve fund | - | - | - | - | - | - | - | 412 | - | (412) | - | - | - |
| Dividend paid to minority interests | - | - | - | - | - | - | - | - | - | - | - | (230) | (230) |
| Sub-total | 1,800 | 1,527 | - | - | - | - | - | 412 | - | (412) | 3,327 | (230) | 3,097 |
| At 30 June 2005 | 929,250 | 1,419,644 | 1,019 | 2,940 | 22,668 | - | 1,800,537 | 90,236 | - | (2,252,526) | 2,013,768 | 209,907 | 2,223,675 |
| Increase in revaluation reserve resulting from acquisition of a subsidiary | - | - | - | 44,490 | - | - | - | - | - | - | 44,490 | 3,490 | 47,980 |
| Movements in reserves of associates | - | - | - | 154 | 7,454 | - | - | - | - | - | 7,608 | - | 7,608 |
| Exchange differences on translation of the financial statements of operations outside Hong Kong | - | - | - | - | 26,680 | - | - | - | - | - | 26,680 | 4,798 | 31,678 |
| Net gain recognised directly in equity | - | - | - | 44,644 | 34,334 | - | - | - | - | - | 78,978 | 8,288 | 87,266 |
| Loss for the period | - | - | - | - | - | - | - | - | - | (29,353) | (29,353) | 14,171 | (15,182) |
| Total recognised income and expense for the period | - | - | - | 44,644 | 34,334 | - | - | - | - | (29,353) | 49,625 | 22,459 | 72,084 |
| Transfer in reserves of associates | - | - | - | - | - | - | - | 425 | - | (425) | - | - | - |
| Transfer to enterprise expansion and statutory reserve fund | - | - | - | - | - | - | - | 71,565 | - | (71,565) | - | - | - |
| Issue of shares for acquisition of subsidiary | 54,331 | 102,069 | - | - | - | - | - | - | - | - | 156,400 | - | 156,400 |
| Shares issue expenses | - | (34) | - | - | - | - | - | - | - | - | (34) | - | (34) |
| Eliminated against accumulated losses | - | (1,412,855) | - | - | - | 292,655 | (1,800,000) | - | - | 2,920,200 | - | - | - |
| Shares issued at premium | 3,230 | 3,345 | - | - | - | - | - | - | - | - | 6,575 | - | 6,575 |
| Increase due to acquisition of a subsidiary | - | - | - | - | - | - | - | - | - | - | - | 32,298 | 32,298 |
| Contribution from a minority shareholder | - | - | - | - | - | - | - | - | - | - | - | 1,507 | 1,507 |
| Dividends paid to minority interests | - | - | - | - | - | - | - | - | - | - | - | (8,264) | (8,264) |
| Proposed final 2005 dividend | - | - | - | - | - | - | - | - | 29,604 | (29,604) | - | - | - |
| Sub-total | 57,561 | (1,307,475) | - | - | - | 292,655 | (1,800,000) | 71,990 | 29,604 | 2,818,606 | 162,941 | 25,541 | 198,482 |
| At 31 December 2005 | 986,811 | 112,169 | 1,019 | 47,584 | 57,002 | 292,655 | 637 | 162,226 | 29,604 | 536,727 | 2,226,334 | 257,907 | 2,484,241 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2006

| | Share capital | Share premium | Capital redemption reserve | Revaluation reserve | Exchange reserve | Special capital reserve | Capital reserve | Enterprise expansion fund and statutory reserve fund | Dividend reserve | Accumulated (losses) profits | Total | Minority interests | Total |
|---|------------------|----------------|----------------------------|---------------------|------------------|-------------------------|-----------------|--|------------------|------------------------------|------------------|--------------------|------------------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Movements in reserve of an associate | - | - | - | (84) | 1,839 | - | - | - | - | 102 | 1,857 | - | 1,857 |
| Exchange differences on translation of the financial statements of operations outside Hong Kong | - | - | - | - | 16,887 | - | - | - | - | - | 16,887 | 2,562 | 19,449 |
| Net (loss) gain recognised directly in equity | - | - | - | (84) | 18,726 | - | - | - | - | 102 | 18,744 | 2,562 | 21,306 |
| Profit for the period | - | - | - | - | - | - | - | - | - | 84,246 | 84,246 | 14,958 | 99,204 |
| Total recognised income and expense for the period | - | - | - | (84) | 18,726 | - | - | - | - | 84,348 | 102,990 | 17,520 | 120,510 |
| Shares issued at premium | 186,000 | 306,665 | - | - | - | - | - | - | - | - | 492,665 | - | 492,665 |
| Share issue expenses | - | (80) | - | - | - | - | - | - | - | - | (80) | - | (80) |
| Contribution from a minority shareholder | - | - | - | - | - | - | - | - | - | - | - | 30,980 | 30,980 |
| Dividends paid to minority interests | - | - | - | - | - | - | - | - | - | - | - | (707) | (707) |
| Final 2005 dividend paid | - | - | - | - | - | - | - | - | (29,604) | (5,580) | (35,184) | - | (35,184) |
| Acquisition of additional equity interest in a subsidiary | - | - | - | - | - | - | - | - | - | - | - | (1,308) | (1,308) |
| Sub-total | 186,000 | 306,575 | - | - | - | - | - | - | (29,604) | (5,580) | 457,391 | 28,975 | 486,366 |
| At 30 June 2006 | <u>1,172,811</u> | <u>418,744</u> | <u>1,019</u> | <u>47,500</u> | <u>75,728</u> | <u>292,655</u> | <u>537</u> | <u>162,226</u> | <u>-</u> | <u>615,495</u> | <u>2,786,715</u> | <u>304,402</u> | <u>3,091,117</u> |

Note: The High Court of Hong Kong made an order confirming the cancellation of share premium and capital reserve accounts (the "Cancellation") on 1 September 2005 pursuant to section 60 of the Companies Ordinance (the "Confirming Order"). The Confirming Order was duly registered by the Registrar of Companies in Hong Kong on 1 September 2005 and, accordingly, the Cancellation became effective on the same day. As a result, the share premium account of the Company has been reduced by approximately HK\$1,412,855,000 and the capital reserve account of the Company has been reduced by HK\$1,800,000,000. An amount of approximately HK\$2,920,200,000 arising from such reduction has been applied towards the elimination of the accumulated losses and the remaining balance of approximately HK\$292,655,000 has been credited to the Company's special capital reserve account.

