

For the year ended 31 December 2006

	Share Capital HK\$'000	Share Premium HK\$'000	Special Reserve HK\$'000	Share Compensation Reserve HK\$'000	Translation Reserve HK\$'000	Retained Profits HK\$'000	Attributable to Equity Holders of the Company HK\$'000	Minority Interests HK\$'000	Total HK\$'000
At 1 January 2005	7,740	70,225	5,891	48,100	-	600,725	732,681	-	732,681
Exchange differences arising on translation of foreign operation, representing net gain recognised directly in equity	-	-	-	-	1,820	-	1,820	-	1,820
Share of reserve of associates	-	-	-	-	(854)	-	(854)	-	(854)
Net gain recognised directly in equity	-	-	-	-	966	-	966	-	966
Profit for the year	-	-	-	-	-	142,871	142,871	598	143,469
Total recognised income for the year	-	-	-	-	966	142,871	143,837	598	144,435
Capital contributions by minority owners of subsidiaries	-	-	-	-	-	-	-	5	5
Dividends	-	-	-	-	-	(65,300)	(65,300)	-	(65,300)
	-	-	-	-	-	(65,300)	(65,300)	5	(65,295)
At 31 December 2005	7,740	70,225	5,891	48,100	966	678,296	811,218	603	811,821
Exchange differences arising on translation of foreign operation	-	-	-	-	2,858	-	2,858	-	2,858
Share of reserve of associates	-	-	-	-	1,040	-	1,040	-	1,040
Net gain recognised directly in equity	-	-	-	-	3,898	-	3,898	-	3,898
Profit for the year	-	-	-	-	-	259,965	259,965	744	260,709
Total recognised income for the year	-	-	-	-	3,898	259,965	263,863	744	264,607

For the year ended 31 December 2006

	Share					Attributable to Equity		Minority Interests	Total
	Share Capital	Share Premium	Special Reserve	Compensation Reserve	Translation Reserve	Retained Profits	Holders of the Company		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Issue of shares	1	-	-	-	-	-	1	-	1
Arising on acquisition of subsidiaries	30,000	(70,225)	40,225	-	-	-	-	-	-
Arising on group reorganisation	(7,740)	-	7,740	-	-	-	-	-	-
Capitalisation issue	29,999	(29,999)	-	-	-	-	-	-	-
Issue of shares	16,000	1,088,000	-	-	-	-	1,104,000	-	1,104,000
Expenses incurred in connection with the issue of shares	-	(44,014)	-	-	-	-	(44,014)	-	(44,014)
Capital contributions by minority owners of subsidiaries	-	-	-	-	-	-	-	8,789	8,789
Release of reserve upon disposal of a subsidiary	-	-	-	-	(1,223)	-	(1,223)	-	(1,223)
Dividends	-	-	-	-	-	(120,000)	(120,000)	-	(120,000)
	<u>68,260</u>	<u>943,762</u>	<u>47,965</u>	<u>-</u>	<u>(1,223)</u>	<u>(120,000)</u>	<u>938,764</u>	<u>8,789</u>	<u>947,553</u>
At 31 December 2006	<u>76,000</u>	<u>1,013,987</u>	<u>53,856</u>	<u>48,100</u>	<u>3,641</u>	<u>818,261</u>	<u>2,013,845</u>	<u>10,136</u>	<u>2,023,981</u>

The special reserve represents the differences between the nominal amount of the shares issued by the Company and the Group's former holding company, Neo-Neon Holdings (BVI) Limited ("NNH"), and the aggregate amount of share capital and share premium of the subsidiaries acquired pursuant to a corporate reorganisation in 1996 and a group reorganisation in preparation for the listing of the Company's shares in 2006.

Share compensation reserve represents the difference of fair value of certain NNH's shares (the "Shares") transferred to the Group's certain senior management by the Company's shareholders and the consideration paid by the senior management in obtaining the Shares in 2004.

As stipulated by the relevant laws and regulations for foreign investment enterprises in Mainland China (the "PRC"), the Company's PRC subsidiaries are required to maintain a statutory surplus reserve fund. Appropriation to such reserve is made out of net profit after taxation as reflected in the statutory financial statements of the PRC subsidiaries while the amounts and allocation basis are decided by their board of directors annually. The statutory surplus reserve fund can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue. Since the date of establishment, there was no appropriation to the statutory surplus reserve fund as no dividends have been distributed by any of the PRC subsidiaries.