

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2006

	Attributable to shareholders of the Company									Total equity	
	Share capital	Share premium	Capital re- demption reserve	Special capital reserve	Exchange reserve	Legal surplus	Share options reserve	Accu- mulated (losses) profits	Minority interests		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2005	168,710	939,273	402	-	284	565	4,319	(820,534)	293,019	39,362	332,381
Exchange realignment recognised directly in equity	-	-	-	-	1,652	-	-	-	1,652	592	2,244
Loss for the year	-	-	-	-	-	-	-	(45,997)	(45,997)	(7,688)	(53,685)
Total recognised income (expense) for the year	-	-	-	-	1,652	-	-	(45,997)	(44,345)	(7,096)	(51,441)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	4,392	-	4,392	-	4,392
At 31 December 2005 and 1 January 2006	168,710	939,273	402	-	1,936	565	8,711	(866,531)	253,066	32,266	285,332
Exchange realignment	-	-	-	-	4,813	-	-	-	4,813	1,247	6,060
Share of changes in equity in a jointly controlled entity recognised directly in equity	-	-	-	-	(111)	-	-	-	(111)	-	(111)
Net income recognised directly in equity	-	-	-	-	4,702	-	-	-	4,702	1,247	5,949
Profit for the year	-	-	-	-	-	-	-	15,953	15,953	6,686	22,639
Total recognised income for the year	-	-	-	-	4,702	-	-	15,953	20,655	7,933	28,588
Capital Reduction (note)	-	(939,273)	-	965	-	-	-	938,308	-	-	-
Issue of new shares	33,200	66,400	-	-	-	-	-	-	99,600	-	99,600
Transaction costs attributable to issue of new shares	-	(694)	-	(965)	-	-	-	-	(1,659)	-	(1,659)
Issue of shares upon exercise of share options	440	1,439	-	-	-	-	(729)	-	1,150	-	1,150
Share option forfeited	-	-	-	-	-	-	(916)	916	-	-	-
Dividend paid to minority shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	(11,956)	(11,956)
At 31 December 2006	202,350	67,145	402	-	6,638	565	7,066	88,646	372,812	28,243	401,055

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2006

Note: On 20 June 2006, the High Court of the Hong Kong Special Administrative Region (the "High Court") made an order (the "Order") confirming the cancellation of the entire sum standing to the credit of the share premium account of the Company as at 31 December 2004 and set off with the accumulated losses of the Company as at 31 December 2004 (the "Capital Reduction"). The Order stipulated that after the Capital Reduction, the Company creates a Special Capital Reserve in the amount of approximately HK\$965,000 representing the amount by which the Capital Reduction exceeds the total accumulated losses of the Company as at 31 December 2004 and that for so long as there remained any debt of or claim against the Company outstanding at the date when the Capital Reduction became effective which, if such date were the date of commencement of the winding up of the Company, would have been admissible in proof against the Company and the persons entitled to the benefit thereof had not have agreed otherwise, such reserve:

- (i) should not be treated as realised profits for the purpose of Section 79B of the Companies Ordinance;
- (ii) should, for so long as the Company remained a listed company, be treated as an undistributable reserve of the Company for the purposes of Section 79C of the Companies Ordinance or any statutory re-enactment or modification thereof.

It was also provided in the Order that, notwithstanding the above undertaking, (a) the Special Capital Reserve might be applied for the same purposes as a share premium account might be applied; (b) the amount standing to the credit of the Special Capital Reserve might be reduced by the aggregate of any increase in the paid up share capital or the amount standing to the credit of the share premium account of the Company resulting from the payment up of shares by the receipt of new consideration or upon a capitalisation of distributable reserve after the Capital Reduction becoming effective; and (c) in the event that the amount of the Special Capital Reserve is so reduced, the Company shall be at liberty to transfer the amount of any such reduction to the general reserves of the Company and the same shall become available for distribution. During the year ended 31 December 2006, the Special Capital Reserve is applied to set off with the transaction cost attributable to the issue of new shares.