

Consolidated Statement of Changes in Equity

For the year ended 31 December 2006

	Share capital	Share premium	Contributed surplus	Capital reserve	Building revaluation reserve	Convertible loan equity reserve	Translation reserve	PRC statutory reserves	Accumulated losses	Reserves	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		Note (a)	Note (b)	Note (c)				Note (e)			
At 1 January 2005	13,334	47,631	170,942	6,055	—	—	—	—	(94,170)	130,458	143,792
Gain on revaluation of buildings and total income recognized directly in equity	—	—	—	—	701	—	—	—	—	701	701
Loss for the year	—	—	—	—	—	—	—	—	(76,591)	(76,591)	(76,591)
Total recognized income and expenses for the year	—	—	—	—	701	—	—	—	(76,591)	(75,890)	(75,890)
Issue of new shares	8,120	127,020	—	—	—	—	—	—	—	127,020	135,140
Issue of new shares due to exercise of share options	397	5,871	—	—	—	—	—	—	—	5,871	6,268
Share issue expenses	—	(1,514)	—	—	—	—	—	—	—	(1,514)	(1,514)
Recognition of equity component of convertible loan notes	—	—	—	—	—	32,946	—	—	—	32,946	32,946
At 31 December 2005	21,851	179,008	170,942	6,055	701	32,946	—	—	(170,761)	218,891	240,742
Loss for the year	—	—	—	—	—	—	—	—	(95,418)	(95,418)	(95,418)
Exchange differences arising on translation of foreign operations and total income recognized directly in equity	—	—	—	—	—	—	9,711	—	—	9,711	9,711
Total recognized income and expenses for the year	—	—	—	—	—	—	9,711	—	(95,418)	(85,707)	(85,707)
Released on disposal of the Retail Group	—	—	31,029	(6,055)	(701)	—	—	—	—	24,273	24,273
Transfer	—	—	—	—	—	—	—	15,071	(15,071)	—	—
At 31 December 2006	21,851	179,008	201,971	—	—	32,946	9,711	15,071	(281,250)	157,457	179,308

Consolidated Statement of Changes in Equity

For the year ended 31 December 2006

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 reorganization 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 realizable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.
- (e) The People's Republic of China (the "PRC") statutory reserves consist of a reserve fund and an expansion fund provided in accordance with the articles of association of the PRC subsidiaries. Laws and regulations in the PRC allow foreign investment enterprises to appropriate from profit after taxation, prepared in accordance with the PRC rules and regulations, an annual amount to the reserve fund and expansion fund according to the decision of the board or the articles of association.

The reserve fund is to be used to expand the working capital of the PRC subsidiaries. When the PRC subsidiaries suffer losses, the reserve fund may be used to make up accumulated losses under special circumstances.

The expansion fund is to be used for business expansion and, if approved, can also be used to increase the capital of the PRC subsidiaries.