



Consolidated Statement of Changes in Equity

For the year ended 31 December 2006

	Attributable to equity holders of the Company										
	Share capital HK\$'000	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Other reserves HK\$'000 (Note a)	Translation reserve HK\$'000	Capital reserve HK\$'000 (Note b)	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 January 2005	299,751	405,628	2,084	-	-	53,690	10,602	(61,732)	710,023	9,375	719,398
Share of changes in equity of an associate	-	-	-	-	710	-	-	-	710	-	710
Share of changes in equity of jointly controlled entities	-	-	-	-	951	-	-	-	951	-	951
Net income recognised directly in equity	-	-	-	-	1,661	-	-	-	1,661	-	1,661
(Loss) profit for the year	-	-	-	-	-	-	-	(259,075)	(259,075)	1,180	(257,895)
Total recognised income and expense for the year	-	-	-	-	1,661	-	-	(259,075)	(257,414)	1,180	(256,234)
Recognition of equity-settled share based payments	-	-	-	-	-	-	15,720	-	15,720	-	15,720
Cancellation of share options (Note c)	-	-	-	-	-	-	(26,322)	26,322	-	-	-
At 31 December 2005 and 1 January 2006	299,751	405,628	2,084	-	1,661	53,690	-	(294,485)	468,329	10,555	478,884
Share of changes in equity of associates	-	-	-	-	1,957	-	-	-	1,957	-	1,957
Share of changes in equity of jointly controlled entities	-	-	-	-	1,626	-	-	-	1,626	-	1,626
Exchange difference arising on translation of foreign operations	-	-	-	-	2,398	-	-	-	2,398	1,550	3,948
Net income recognised directly in equity	-	-	-	-	5,981	-	-	-	5,981	1,550	7,531
(Loss) profit for the year	-	-	-	-	-	-	-	(81,509)	(81,509)	8,005	(73,504)
Total recognised income and expenses for the year	-	-	-	-	5,981	-	-	(81,509)	(75,528)	9,555	(65,973)
Shares issued at premium for acquisition of subsidiaries	129,116	97,961	-	-	-	-	-	-	227,077	39,805	266,882
Share issue expenses	-	(1,801)	-	-	-	-	-	-	(1,801)	-	(1,801)
Deemed acquisition of subsidiaries	-	-	-	-	-	-	-	573	573	(573)	-
Dividend paid to minority interests	-	-	-	-	-	-	-	-	-	(600)	(600)
Appropriations	-	-	-	360	-	-	-	(360)	-	-	-
	129,116	96,160	-	360	-	-	-	213	225,849	38,632	264,481
At 31 December 2006	428,867	501,788	2,084	360	7,642	53,690	-	(375,781)	618,650	58,742	677,392

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For the year ended 31 December 2006

Notes:

- (a) Other reserves represent the aggregate amounts of surplus reserve fund and enterprise reserve fund.

Certain subsidiaries operating in the PRC are required to transfer 5% of the profit after tax (as determined under the management of the relevant subsidiaries and in accordance with PRC GAAP) to the surplus reserve fund until the fund balance reaches 50% of the registered capital of those subsidiaries. The transfer to this fund must be made up for previous year's losses, expand the existing operations or convert into additional capital of the subsidiaries.

These subsidiaries are also required to transfer 5% of the profit after tax (as determined under the management of the relevant subsidiaries and in accordance with PRC GAAP) to the enterprise development fund. The fund can only be used for development of the enterprise and is not available for distribution to shareholders.

- (b) By a special resolution passed at an extraordinary general meeting and subsequently approved by the Supreme Court of Hong Kong in 1993, the share premium account of the Company was reduced by an amount of HK\$270,000,000. This amount was used to reduce the then Company's accumulated losses of HK\$216,310,000 and the balance of HK\$53,690,000 was credited to the Company's capital reserve which is non-distributable.
- (c) During the year ended 31 December 2005, the Company cancelled all the outstanding options granted on 13 October 2003 and exercisable subject to a vesting scale which shall commence on the date of grant in tranches of 25% each reaching 100% as from 13 October 2006. In accordance with HKFRS 2, as the outstanding options has been cancelled during the vesting period, they should be accounted for, as an acceleration of vesting and any amount unrecognised should be charged to income statement, immediately. Upon the cancellation of options, the share option reserve of approximately HK\$26,322,000 was transferred to the accumulated losses of the Group.