

Consolidated Statement of Changes in Equity

For the year ended 31 December 2005

	Attributable to equity holders of the Company									
	Share capital	Share premium	General reserve	Translation reserve	Warrant reserve	Buildings revaluation reserve	Retained profits/ losses (accumulated)	Sub-total	Minority interests	Total
	HK\$'000	(note i) HK\$'000	(note ii) HK\$'000	(note iii) HK\$'000	(note iv) HK\$'000	(note v) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2004										
– as previously reported as equity	44,064	195,909	11,027	1,173	–	–	47,379	299,552	–	299,552
– as previously separately reported as minority interest	–	–	–	–	–	–	–	–	19,723	19,723
– prior period adjustment in respect of HKAS 17	–	–	–	–	–	96	39	135	–	135
– as restated	44,064	195,909	11,027	1,173	–	96	47,418	299,687	19,723	319,410
Deficit on revaluation of buildings held for own use (note 15(d))	–	–	–	–	–	(24)	–	(24)	–	(24)
Deferred tax liability arising from revaluation (note 29(b))	–	–	–	–	–	(4)	–	(4)	–	(4)
Exchange difference on translation of financial statements of subsidiaries outside Hong Kong	–	–	–	(6)	–	–	–	(6)	–	(6)
Disposal of one of the subsidiaries	–	–	–	–	–	–	–	–	3,310	3,310
Negative goodwill taken up by minority interest	–	–	–	–	–	–	–	–	6,361	6,361
Net income recognised directly in equity	–	–	–	(6)	–	(28)	–	(34)	9,671	9,637
Profit for the year (restated)	–	–	–	–	–	–	8,107	8,107	3,378	11,485
Total recognised income and expense for the year	–	–	–	(6)	–	(28)	8,107	8,073	13,049	21,122
Transfer between reserves	–	–	2,153	–	–	–	(2,153)	–	–	–
Placing of new shares	8,800	21,146	–	–	–	–	–	29,946	–	29,946
Dividend paid to minority interest	–	–	–	–	–	–	–	–	(2,197)	(2,197)
Injection of share capital	–	–	–	–	–	–	–	–	2,236	2,236
	8,800	21,146	2,153	(6)	–	(28)	5,954	38,019	13,088	51,107
At 31 December 2004	52,864	217,055	13,180	1,167	–	68	53,372	337,706	32,811	370,517

Attributable to equity holders of the Company

	Share capital	Share premium (note i)	General reserve (note ii)	Translation reserve (note iii)	Warrant reserve (note iv)	Buildings revaluation reserve (note v)	Retained profits/ (accumulated losses)	Sub-total	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2005 as per above	52,864	217,055	13,180	1,167	–	68	53,372	337,706	32,811	370,517
Exchange difference on translation of financial statements of subsidiaries outside Hong Kong	–	–	–	5,582	–	–	–	5,582	–	5,582
Disposal of subsidiaries	–	–	(8,148)	(39)	–	–	2,031	(6,156)	(26,054)	(32,210)
Write off of negative goodwill upon disposal of subsidiary	–	–	–	–	–	–	770	770	–	770
Net income recognised directly in equity	–	–	(8,148)	5,543	–	–	2,801	196	(26,054)	(25,858)
Loss for the year	–	–	–	–	–	–	(78,240)	(78,240)	1,954	(76,286)
Total recognised income and expense for the year	–	–	(8,148)	5,543	–	–	(75,439)	(78,044)	(24,100)	(102,144)
Transfer between reserves	–	–	976	–	–	–	(976)	–	–	–
Issue of warrants	–	–	–	–	1,735	–	–	1,735	–	1,735
Further increase in interest in subsidiary	–	–	–	–	–	–	–	–	(4,933)	(4,933)
Dividend paid to minority interest	–	–	–	–	–	–	–	–	(1,507)	(1,507)
Injection of capital	–	–	–	–	–	–	–	–	1,414	1,414
	–	–	(7,172)	5,543	1,735	–	(76,415)	(76,309)	(29,126)	(105,435)
At 31 December 2005	52,864	217,055	6,008	6,710	1,735	68	(23,043)	261,397	3,685	265,082

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For the year ended 31 December 2005

Nature and purposes of reserves

(i) Share premium

Under the Bermuda Companies Act 1981 (as amended), the funds in the share premium account are distributable in the form of fully paid bonus shares.

(ii) General reserve

According to the relevant rules and regulations in the PRC, the Group's subsidiaries in the PRC should appropriate part of their profits after taxation to general reserve, which can be used to make good losses and to convert into paid-up capital.

(iii) Translation reserve

Translation reserve represents exchange differences arising from the translation of the financial statements of subsidiaries and associates operating outside Hong Kong.

(iv) Warrant reserve

Warrant reserve represents the net proceeds received from the issue of warrants of the Company. The reserve will be transferred to share capital and share premium accounts upon the exercise of the warrants.

In January 2005, the Company issued 90,000,000 non-listed warrants at an issue price of HK\$0.02 per warrant by private placement. Each warrant entitles the holder to subscribe for one ordinary share of HK\$0.1 each at an initial subscription price of HK\$0.35 per share during the three-year period from the date of allocation and issue of the warrants.

(v) Buildings revaluation reserve

The buildings revaluation reserve has been set up and is dealt with in accordance with the accounting policy adopted for revaluation of buildings held for own use (note 2(g)).

The notes on pages 33 to 86 form an integral part of these financial statements.