

# Statement of Changes in Equity

For the year ended 31 December 2006

	Share capital <i>HK\$</i>	Share premium <i>HK\$</i>	Accumulated losses <i>HK\$</i>	Total <i>HK\$</i>
Balance at 1 January 2005	1,999,440	44,420,105	(9,886,430)	36,533,115
Loss for the year and total recognised income and expense	—	—	(9,511,663)	(9,511,663)
Balance at 31 December 2005 and at 1 January 2006	1,999,440	44,420,105	(19,398,093)	27,021,452
Loss for the year and total recognised income and expense	—	—	(1,187,183)	(1,187,183)
Issue of rights shares	999,720	2,999,160	—	3,998,880
Rights shares issuing expense	—	(705,172)	—	(705,172)
<b>Balance at 31 December 2006</b>	<b>2,999,160</b>	<b>46,714,093</b>	<b>(20,585,276)</b>	<b>29,127,977</b>

Under the Companies Law of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to the shareholders subject to the provisions of the Articles of Association of the Company and a statutory solvency test. Under the Articles of Association of the Company, dividend may be declared or payable out of the profits and reserves of the Company lawfully available for distribution with the sanction of an ordinary resolution. Dividend may also be declared out of share premium account of the Company. As at 31 December 2006, the Company's reserve available for distribution amounted to approximately HK\$26,128,000 (2005: approximately HK\$25,022,000).