

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2002

	Share capital	Share premium account	Contributed surplus	Special reserve	Accumulated profits (losses)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP						
At 1 January 2001	20,000	37,164	–	(14,980)	68,889	111,073
Loss for the year	–	–	–	–	(45,558)	(45,558)
At 31 December 2001	20,000	37,164	–	(14,980)	23,331	65,515
Shares issued at premium	8,800	33,022	–	–	–	41,822
Share issue expenses	–	(648)	–	–	–	(648)
Loss for the year	–	–	–	–	(49,994)	(49,994)
At 31 December 2002	<u>28,800</u>	<u>69,538</u>	<u>–</u>	<u>(14,980)</u>	<u>(26,663)</u>	<u>56,695</u>
THE COMPANY						
At 1 January 2001	20,000	37,164	60,274	–	1,119	118,557
Loss for the year	–	–	–	–	(51,384)	(51,384)
At 31 December 2001	20,000	37,164	60,274	–	(50,265)	67,173
Shares issued at premium	8,800	33,022	–	–	–	41,822
Share issue expenses	–	(648)	–	–	–	(648)
Loss for the year	–	–	–	–	(52,574)	(52,574)
At 31 December 2002	<u>28,800</u>	<u>69,538</u>	<u>60,274</u>	<u>–</u>	<u>(102,839)</u>	<u>55,773</u>

The special reserve represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition at the time of a group reorganisation in 1998.

The contributed surplus represents the difference between the consolidated shareholders' funds of the subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of a group reorganisation in 1998.

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In addition to accumulated profits, under the Companies Act 1981 of Bermuda (as amended), contributed surplus is also available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the Directors, the Company has no reserve available for distribution to shareholders at 31 December 2002. As at 31 December 2001, the Company's reserves available for distribution to shareholders consisted of contributed surplus and accumulated losses totalling HK\$10,009,000.