

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2002

	Share capital	Share premium account	Merger reserve	Revaluation reserve	Translation reserve	Other reserves	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2001	1,000	-	-	-	16	710	36,383	38,109
Profit for the year	-	-	-	-	-	-	36,721	36,721
Exchange loss on translation of overseas operations not recognised in the income statement	-	-	-	-	(278)	-	-	(278)
Dividends	-	-	-	-	-	-	(30,000)	(30,000)
At 31 December 2001	1,000	-	-	-	(262)	710	43,104	44,552
Exchange gain on translation of overseas operations	-	-	-	-	711	-	-	711
Revaluation increase on land and buildings	-	-	-	25,234	-	-	-	25,234
Release of revaluation reserve	-	-	-	(552)	-	-	552	-
Net gain not recognised in the consolidated income statement	-	-	-	24,682	711	-	552	25,945
Merger reserve arising on the Group Reorganisation (as defined in Note 1)	(800)	-	800	-	-	-	-	-
Proceeds from issue of shares through initial public offering	8,400	71,400	-	-	-	-	-	79,800
Share issue expenses	-	(13,979)	-	-	-	-	-	(13,979)
Capitalisation of share premium for issue of shares	25,000	(25,000)	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	30,253	30,253
Interim dividend paid	-	-	-	-	-	-	(6,720)	(6,720)
At 31 December 2002	33,600	32,421	800	24,682	449	710	67,189	159,851

32 Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2002

The merger reserve represents the difference between the nominal value of the share capital of the subsidiaries acquired and the nominal value of the share capital of the Company issued for the acquisition under the Group Reorganisation.

Other reserves, consisting of expansion fund and the reserve fund, are provided in accordance with the Articles of Association of a PRC subsidiary.

Laws and regulations in the PRC allow foreign investment enterprises to appropriate from profit after taxation, prepared in accordance with the PRC statutory requirements, an amount to the reserve fund and expansion fund according to the decision of the board of directors or the Articles of Association of the enterprises.

The reserve fund is used to expand the enterprise's working capital. When the enterprise suffers losses, the reserve fund may be used to make up unrecovered losses under special circumstances.

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