

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

25

For the year ended 31st March, 2003

ANNUAL REPORT 2003

	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Capital reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Special reserve HK\$'000	Accum- lated losses HK\$'000	Total HK\$'000
At 1st April, 2001	-	91,335	190	1,255	(1,270)	-	(382,516)	(291,006)
Share swap upon group reorganisation	-	(91,335)	125,345	-	-	-	-	34,010
Issue of shares as consideration for the exchange of the issue of share capital of Honko	1,790	-	-	-	-	-	-	1,790
Issue of shares under the provisional allotment	7,160	21,480	-	-	-	-	-	28,640
Issue of shares to investors	14,000	14,000	-	-	-	-	-	28,000
Issue of shares to placees procured by Kingsway	5,000	5,000	-	-	-	-	-	10,000
Issue of shares to settle bank and other borrowings	905	1,809	-	-	-	-	-	2,714
Issue of shares to management creditors	2,084	7,917	-	-	-	-	-	10,001
Issue of shares to finance lease creditors regarding waiver of debts due to them	170	-	-	-	-	-	-	170
Issue of shares to certain Honko Group directors regarding capitalisation of Honko Group directors' loans	3,500	10,500	-	-	-	-	-	14,000
Issue of shares to a related company regarding waiver of a related company's debts	1,437	5,462	-	-	-	-	-	6,899
Issue of shares to certain Honko Group directors regarding waiver of Honko Group directors' loans	420	-	-	-	-	-	-	420
Issue of shares on exercise of convertible notes	11,250	11,250	-	-	-	-	-	22,500
Issue of shares on exercise of share options	3,695	28,853	-	-	-	-	-	32,548
Share issue expenses	-	(3,461)	-	-	-	-	-	(3,461)
Waiver of debts from an equity participant	-	-	-	-	-	33,728	-	33,728
Profit for the year	-	-	-	-	-	-	110,639	110,639
At 31st March, 2002	51,411	102,810	125,535	1,255	(1,270)	33,728	(271,877)	41,592
Reduction of share capital, share premium cancellation and elimination of accumulated losses upon capital reduction	(67,645)	(102,810)	57,124	-	-	-	113,331	-
Issue of shares on exercise of convertible notes	1,250	1,250	-	-	-	-	-	2,500
Issue of shares on exercise of convertible bonds	2,257	-	-	-	-	-	-	2,257
Issue of shares on exercise of share options	5,000	46,000	-	-	-	-	-	51,000
Issue of shares by private placement	17,750	8,750	-	-	-	-	-	26,500
Share issue expenses	-	(469)	-	-	-	-	-	(469)
Loss for the year	-	-	-	-	-	-	(63,380)	(63,380)
At 31st March, 2003	10,023	55,531	182,659	1,255	(1,270)	33,728	(221,926)	60,000

For the year ended 31st March, 2003

The contributed surplus of the Group which arose during the year ended 31st March, 2002 represented the difference between the value of the share capital, share premium and contributed surplus of Honko International Holdings Limited ("Honko") and its subsidiaries (collectively referred as the "Honko Group") acquired over the nominal value of the Company's shares issued in exchange therefore pursuant to the group reorganisation and debt restructuring underwent by the Group (collectively referred as the "Financial Restructuring") in June 2001. The contributed surplus of the Group arose during the year ended 31st March, 2003 represented the credit arising from the capital reduction in December 2002, details of which are set out in note 28.

The capital reserve of the Group represents negative goodwill arising on acquisition of a subsidiary in prior year.

The special reserve of the Group represents the waiver of debts from an equity participant in prior year.