

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30th June, 2003

	Share capital HK\$'000	Share premium HK\$'000	Special capital reserve HK\$'000 (Note a)	Exchange reserve HK\$'000	Capital reserve HK\$'000 (Note b)	Capital redemption reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
THE GROUP								
At 1st April, 2002	27,660	412,171	828,646	8,353	2,107	3,865	(1,017,469)	265,333
Exchange differences arising on translation of overseas operations not recognised in income statement	-	-	-	3,256	-	-	-	3,256
Released upon disposal of subsidiaries	-	-	-	(1,672)	-	-	-	(1,672)
Released upon disposal of jointly controlled entities	-	-	-	5	-	-	-	5
Loss for the period	-	-	-	-	-	-	(54,911)	(54,911)
At 30th June, 2002	27,660	412,171	828,646	9,942	2,107	3,865	(1,072,380)	212,011
Issue of shares for cash consideration	5,400	8,910	-	-	-	-	-	14,310
Issue of shares for the acquisition of investment securities	4,000	51,000	-	-	-	-	-	55,000
Share issue expenses	-	(95)	-	-	-	-	-	(95)
Exchange differences arising on translation of overseas operations not recognised in income statement	-	-	-	55	-	-	-	55
Released upon disposal of subsidiaries	-	-	-	248	-	-	-	248
Released upon disposal of a jointly controlled entity	-	-	-	(7,416)	(460)	-	-	(7,876)
Loss for the year	-	-	-	-	-	-	(20,326)	(20,326)
At 30th June, 2003	<u>37,060</u>	<u>471,986</u>	<u>828,646</u>	<u>2,829</u>	<u>1,647</u>	<u>3,865</u>	<u>(1,092,706)</u>	<u>253,327</u>

The accumulated losses of the Group included accumulated losses of HK\$168,823,000 (2002: HK\$140,497,000) attributable to associates of the Group and accumulated losses of HK\$38,312,000 (2002: HK\$67,246,000) attributable to its jointly controlled entities.

Notes:

- (a) A summary of the terms of the undertaking given by the Company (the "Undertaking") in connection with the capital reduction during the year ended 31st March, 2000 (the "Capital Reduction") in respect of the application of the special capital reserve is set out below:
- (i) The reserve shall not be treated as realised profits; and
 - (ii) The reserve shall be treated as an undistributable reserve for as long as there shall remain any outstanding debts or claims which were in existence on the date of the cancellation of the shares of the Company pursuant to the Capital Reduction, provided that the amount of the reserve may be reduced by the amount of any future increase in the share capital and the share premium account. Any part of the reserve so reduced is released from the terms of the Undertaking and the Company may apply that part so released as a distributable reserve.
- (b) Capital reserves of the Group represents part of the profit of subsidiaries in The People's Republic of China (the "PRC") transferred to non-distributable legal reserves pursuant to the legal requirement in the PRC.