

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2003

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (Note i)	Reserve funds HK\$'000 (Note ii)	Exchange translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1st January, 2002	100,453	298,011	21,977	–	477	(342,450)	78,468
Issue of shares	37,974	22,026	–	–	–	–	60,000
Issue of shares upon exercise of share options	270	52	–	–	–	–	322
Exchange loss on translation of operations outside Hong Kong not recognised in the income statement	–	–	–	–	(16)	–	(16)
Transfer to reserve funds	–	–	–	52	–	(52)	–
Net profit for the year	–	–	–	–	–	1,317	1,317
At 31st December, 2002 and 1st January, 2003	138,697	320,089	21,977	52	461	(341,185)	140,091
Issue of shares upon conversion of convertible notes	1,800	1,800	–	–	–	–	3,600
Placement of shares	14,000	22,400	–	–	–	–	36,400
Issue of shares upon exercise of share options	80	88	–	–	–	–	168
Share issue expenses	–	(1,342)	–	–	–	–	(1,342)
Reserve realised upon disposal of an associate (Note 17)	–	–	(21,977)	–	(476)	15,887	(6,566)
Exchange loss on translation of operations outside Hong Kong not recognised in the income statement	–	–	–	–	26	–	26
Transfer to reserve funds	–	–	–	1,088	–	(1,088)	–
Net profit for the year	–	–	–	–	–	28,259	28,259
At 31st December, 2003	154,577	343,035	–	1,140	11	(298,127)	200,636

Notes:

- (i) Capital reserve represented the non-distributable reserve of an associate.
- (ii) According to the relevant laws and regulations in the People's Republic of China ("PRC") and the Articles of Association of the Company's subsidiaries in the PRC, they are required to set aside 10% of their profit after taxation for the statutory revenue reserve (except where the reserve has reached 50% of the subsidiaries' registered capital) and 5% to 10% of their profit after taxation for the statutory public welfare fund. The profit after taxation is determined under accounting principles generally accepted in the PRC. These reserves cannot be used for purposes other than those for which they are created and are not distributable as dividends without the prior approval by the shareholders under certain conditions.