

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2003

	Share capital	Share premium	Contributed surplus	Statutory surplus reserve	Enterprise deve- lopment fund	Exchange fluctuation reserve	Accu- mulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(note 30)		(note ii)	(note iii)	(note iii)			
At 1 January 2002	260,375	271,195	33,474	-	-	198	(132,797)	432,445
Issue of new shares (note 31(ii))	25,450	45,810	-	-	-	-	-	71,260
Share issue expenses	-	(1,790)	-	-	-	-	-	(1,790)
Exchange fluctuation on translation of overseas subsidiaries	-	-	-	-	-	(187)	-	(187)
Net loss for the year	-	-	-	-	-	-	(322,718)	(322,718)
Transfer of reserves	-	-	-	957	478	-	(1,435)	-
At 31 December 2002	285,825	315,215	33,474	957	478	11	(456,950)	179,010
Capital reduction	(280,108)	-	-	-	-	-	280,108	-
Share premium reduction (note iv)	-	(232,515)	-	-	-	-	232,515	-
Exchange fluctuation on translation of overseas subsidiaries	-	-	-	-	-	(417)	-	(417)
Net loss for the year	-	-	-	-	-	-	(52,606)	(52,606)
Reversal of exchange fluctuation reserve on disposal of subsidiaries	-	-	-	-	-	(200)	-	(200)
<b>At 31 December 2003</b>	<b>5,717</b>	<b>82,700</b>	<b>33,474</b>	<b>957</b>	<b>478</b>	<b>(606)</b>	<b>3,067</b>	<b>125,787</b>

Notes:-

- (i) No goodwill/negative goodwill remains eliminated against reserves at the balance sheet date.
- (ii) The Group's contributed surplus is derived from the difference between the nominal value of the Company's shares issued pursuant to the Group reorganisation in 1991 and the nominal value of the shares acquired.
- (iii) In accordance with the Company Law of the PRC and the Articles of Association of a subsidiary, Huayi Pharmaceutical Company Limited ("Huayi"), Huayi shall appropriate ten percent and five percent of its annual statutory net profit (after offsetting any prior years' losses) to the Statutory Surplus Reserve (儲備基金) and Enterprise Development Fund (企業發展基金) respectively.
- (iv) Pursuant to the special resolutions passed on 30 May 2003 in respect of a capital reorganisation, the share premium of HK\$232,515,000 was reduced by applying the credit to set off an equivalent amount of accumulated losses of the Company as at 31 December 2002.