

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
 FOR THE SIX MONTHS ENDED 30 JUNE 2004

	Share capital	Share premium account	Capital reserve	Capital redemption reserve	Exchange equalisation reserve	Legal reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2003								
• As previously reported	262,041	77,958	207,194	52	13,223	1,060	(466,854)	94,674
• Share of net assets of an associate (i)	-	-	-	-	-	-	328	328
• Effect of change on accounting policy (ii)	-	-	-	-	-	-	3,786	3,786
• Restatement of the result of a subsidiary (iii)	-	-	-	-	-	-	(842)	(842)
• As restated	262,041	77,958	207,194	52	13,223	1,060	(463,582)	97,946
Allotment of new shares for acquisition of a subsidiary	39,000	-	-	-	-	-	-	39,000
Discount on issue of new shares	-	(14,430)	-	-	-	-	-	(14,430)
Disposal of subsidiaries	-	-	-	-	(5,318)	(1,060)	6,378	-
Release on disposal of subsidiary	-	-	15,000	-	-	-	-	15,000
Inclusion of a subsidiary previously omitted	-	-	-	-	-	-	3,559	3,559
Net profit for the year	-	-	-	-	-	-	4,443	4,443
At 1 January 2004	301,041	63,528	222,194	52	7,905	-	(449,202)	145,518
Net loss for the period	-	-	-	-	-	-	(25,525)	(25,525)
At 30 June 2004	301,041	63,528	222,194	52	7,905	-	(474,727)	119,993

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** *(continued)*  
 FOR THE SIX MONTHS ENDED 30 JUNE 2004

	Share capital	Share premium	Capital reserve	Capital redemption reserve	Exchange equalisation reserve	Legal reserve	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2003								
• As previously reported	262,041	77,958	207,194	52	13,223	1,060	(466,854)	94,674
• Share of net assets of an associate (i)	-	-	-	-	-	-	328	328
• Effect of change on accounting policy (ii)	-	-	-	-	-	-	3,786	3,786
• Restatement of the result of a subsidiary (iii)	-	-	-	-	-	-	(842)	(842)
• As restated	262,041	77,958	207,194	52	13,223	1,060	(463,582)	97,946
Allotment of new shares for acquisition of a subsidiary	39,000	-	-	-	-	-	-	39,000
Discount on issue of new shares	-	(14,430)	-	-	-	-	-	(14,430)
Disposal of subsidiaries	-	-	-	-	(5,318)	(1,060)	6,378	-
Release on disposal of subsidiary	-	-	15,000	-	-	-	-	15,000
Inclusion of a subsidiary previously omitted	-	-	-	-	-	-	3,559	3,559
Net loss for the period (iv)	-	-	-	-	-	-	(14,879)	(14,879)
At 30 June 2003	301,041	63,528	222,194	52	7,905	-	(468,524)	126,196

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** *(continued)**FOR THE SIX MONTHS ENDED 30 JUNE 2004**Notes:*

- (i) During the year ended 31 December 2002, the Group had not equity accounted for the results of an associate as the financial statements were not available. During the year ended 31 December 2003, the Group obtained such financial statements and therefore the comparative figures have been restated accordingly.
- (ii) In prior years, deferred tax liabilities were provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which were expected with reasonable probabilities to crystallize in the foreseeable future. Deferred tax assets were not recognized unless their realization was assured beyond reasonable doubt. The adoption of SSAP 12 (Revised) constituted a change of accounting policy which has been applied retrospectively. Therefore, prior year adjustments have been made to restate the comparative figures.
- (iii) The financial statements for the year ended 31 December 2002 of a subsidiary, namely Fairyoung Heilongjiang Industry Co., Limited ("HLJ Industry"), were not available as the investment in HLJ Industry was frozen by a court in Mainland China. During the year ended 31 December 2003, the Group obtained a release from the court and the financial statements of HLJ Industry for the year ended 31 December 2002 became available. Therefore, the comparative figures have been restated accordingly.
- (iv) The financial statements of a subsidiary, namely Binzhou Huifeng Sanwei Co., Limited, were omitted for inclusion in the Group's financial statements previously. During the year ended 31 December 2003, the Group obtained such financial statements and therefore the comparative figures have been restated accordingly.