

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2004

	Share capital	Share premium	Capital reserve	Reserve funds	Exchange translation reserve	Accumulated (losses) profit	Total
	HK\$'000	HK\$'000	HK\$'000 (note i)	HK\$'000 (note ii)	HK\$'000	HK\$'000	HK\$'000
At 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	-	-	(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 and 1st January, 2004	154,577	343,035	-	1,140	11	(298,127)	200,636
Issue of shares upon exercise of share options	210	283	-	-	-	-	493
Reduction of share premium transferred to accumulated losses (note iii)	-	(324,473)	-	-	-	324,473	-
Transfer to reserve funds	-	-	-	987	-	(987)	-
Net profit for the year	-	-	-	-	-	53,105	53,105
At 31st December, 2004	154,787	18,845	-	2,127	11	78,464	254,234

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.
- (iii) Pursuant to the minutes of a directors' meeting held on 2nd July, 2004, an amount of approximately HK\$324,473,000 was transferred from share premium account to offset the accumulated losses of the Company at 2nd July, 2004.