

Statement of Changes in Equity For the year ended 31 December 2004

	Share capital HK\$'000	Share premium account HK\$'000	Contributed surplus HK\$'000	Special reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
The Group						
At 1 January 2003	28,800	69,538	–	(14,980)	(26,663)	56,695
Shares issued at premium	12,500	37,500	–	–	–	50,000
Share issue expenses	–	(81)	–	–	–	(81)
Loss for the year	–	–	–	–	(54,935)	(54,935)
At 31 December 2003	41,300	106,957	–	(14,980)	(81,598)	51,679
Loss for the year	–	–	–	–	(36,299)	(36,299)
At 31 December 2004	41,300	106,957	–	(14,980)	(117,897)	15,380
The Company						
At 1 January 2003	28,800	69,538	60,274	–	(102,839)	55,773
Shares issued at premium	12,500	37,500	–	–	–	50,000
Share issue expenses	–	(81)	–	–	–	(81)
Loss for the year	–	–	–	–	(54,590)	(54,590)
At 31 December 2003	41,300	106,957	60,274	–	(157,429)	51,102
Loss for the year	–	–	–	–	(35,722)	(35,722)
At 31 December 2004	41,300	106,957	60,274	–	(193,151)	15,380

The special reserve represents the difference between the nominal value of the aggregate share capital of the subsidiaries acquired and the nominal value of the share capital of the Company issued for the acquisition at the time of a group reorganisation in 1998.

The contributed surplus represents the difference between the consolidated net assets of the subsidiaries acquired and the nominal value of the share capital of the Company issued for the acquisition at the time of a group reorganisation in 1998.

In addition to accumulated profits, under the Companies Act 1981 of Bermuda (as amended), contributed surplus of the Company is also available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors, the Company had no reserve available for distribution to shareholders at the balance sheet date.