



Consolidated Statement of Changes in Equity

For the year ended 31 December 2004

SKY HAWK COMPUTER GROUP HOLDINGS LIMITED Annual Report 2004

	Share capital HK\$'000	Share premium HK\$'000	Exchange fluctuation reserve HK\$'000	Statutory reserve fund HK\$'000 (Note)	Retained profits HK\$'000	Total HK\$'000
At 1 January 2003	41,500	6,592	-	228	65,794	114,114
Loss for the year	-	-	-	-	(9,536)	(9,536)
Exchange difference arising on translation of financial statements of operations outside Hong Kong	-	-	(1,076)	-	-	(1,076)
At 31 December 2003	41,500	6,592	(1,076)	228	56,258	103,502
Issue of shares on private placements	8,000	1,440	-	-	-	9,440
Share issue expenses	-	(271)	-	-	-	(271)
Loss for the year	-	-	-	-	(18,401)	(18,401)
Exchange difference arising on translation of financial statements of operations outside Hong Kong	-	-	(350)	-	-	(350)
At 31 December 2004	49,500	7,761	(1,426)	228	37,857	93,920

Note:

In accordance with the relevant People's Republic of China ("PRC") laws applicable to enterprises with foreign investment, the Company's subsidiaries in the PRC are required to transfer at least 10% of its annual net profit, as determined under PRC accounting rules and regulations, to the statutory reserve fund until the reserve balance reaches 50% of the registered capital of the respective subsidiaries. This reserve can be used to convert into paid-in capital and to offset prior years' losses, if any. Since the Company's subsidiaries in the PRC incurred net loss for both years ended 31 December 2004 and 2003, no profit appropriation was made.