

Statement of changes in equity

Year ended March 31, 2005

| | Share capital HK\$'000 | Share premium HK\$'000 | Exchange fluctuation reserve HK\$'000 | (Accumulated losses)/ retained profits HK\$'000 | Total HK\$'000 |
|---------------------------|------------------------------|------------------------------|--|---|-------------------|
| THE GROUP | | | | | |
| At April 1, 2003 | 20,003 | 26,121 | 116 | (1,923) | 44,317 |
| Net loss for the year | — | — | — | (8,492) | (8,492) |
| At March 31, 2004 | 20,003 | 26,121 | 116 | (10,415) | 35,825 |
| Exercise of share options | 3 | 5 | — | — | 8 |
| Net profit for the year | — | — | — | 13,947 | 13,947 |
| At March 31, 2005 | 20,006 | 26,126 | 116 | 3,532 | 49,780 |

| | Share capital HK\$'000 | Share premium HK\$'000 | Contributed surplus* HK\$'000 | Accumulated losses HK\$'000 | Total HK\$'000 |
|---------------------------|------------------------------|------------------------------|-------------------------------------|-----------------------------------|-------------------|
| THE COMPANY | | | | | |
| At April 1, 2003 | 20,003 | 26,121 | 32,051 | (5,360) | 72,815 |
| Net loss for the year | — | — | — | (5,929) | (5,929) |
| At March 31, 2004 | 20,003 | 26,121 | 32,051 | (11,289) | 66,886 |
| Exercise of share options | 3 | 5 | — | — | 8 |
| Net profit for the year | — | — | — | 339 | 339 |
| At March 31, 2005 | 20,006 | 26,126 | 32,051 | (10,950) | 67,233 |

* The contributed surplus of the Company represents the difference between the nominal value of the share capital issued by the Company and the underlying net assets of subsidiaries which were acquired by the Company pursuant to a group reorganisation implemented during the year ended March 31, 2000.

Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is available for distribution to shareholders. However, a company cannot declare or pay dividends, or make a distribution out of contributed surplus, if:

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