

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 March 2005

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (Note a)	Contributed surplus HK\$'000 (Note b)	General reserve HK\$'000 (Note c)	Statutory	Discretionary	Capital contribution HK\$'000 (Note 29)	Accumulated losses HK\$'000	Total HK\$'000
						surplus reserve fund HK\$'000 (Note d)	surplus reserve fund HK\$'000 (Note d)			
At 1 April 2003	86,228	-	-	89,800	490,659	-	-	-	(670,516)	(3,829)
Capital reduction	(25,868)	-	-	-	-	-	-	-	25,868	-
Placement of shares	46,000	-	-	-	-	-	-	-	-	46,000
Transfer	-	-	-	-	(490,659)	-	-	-	490,659	-
Issue of shares upon exercise of convertible notes	20	9	-	-	-	-	-	-	-	29
Net loss for the year	-	-	-	-	-	-	-	-	(9,132)	(9,132)
At 31 March 2004 and 1 April 2004	106,380	9	-	89,800	-	-	-	-	(163,121)	33,068
Issue of shares for acquisition of a subsidiary and associates	25,900	11,100	-	-	-	-	-	-	-	37,000
Placement of shares	28,000	12,000	-	-	-	-	-	-	-	40,000
Subscription of shares	22,750	9,750	-	-	-	-	-	-	-	32,500
Expenses incurred in connection with issue of shares	-	(2,003)	-	-	-	-	-	-	-	(2,003)
Share of associates	-	-	2,182	-	-	-	-	-	-	2,182
Appropriation for the year	-	-	-	-	-	546	547	-	(1,093)	-
Capital contribution through disposal of subsidiaries	-	-	-	-	-	-	-	7,482	-	7,482
Net profit for the year	-	-	-	-	-	-	-	-	15,336	15,336
At 31 March 2005	183,030	30,856	2,182	89,800	-	546	547	7,482	(148,878)	165,565

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For the Year Ended 31 March 2005

Notes:

- (a) The amount represents the share of revaluation surplus of Xin Hua Resources Investment Limited, a then associate of the Group, prior to the acquisition in October 2004.
- (b) The contributed surplus of the Group represents the difference between the nominal value of the Company's share capital issued as consideration in exchange for the nominal value of the issued share capital of the subsidiaries acquired at the time of the Company's listing in 1997.
- (c) The general reserve of the Group represents the total discharged liabilities of the Group as at 3 August 2000 pursuant to the schemes of arrangement established under Section 166 of the Hong Kong Companies Ordinance in prior year. During the year ended 31 March 2004, the directors decided to transfer the general reserve to the accumulated losses of the Group as this would provide a fairer presentation of the reserves of the Group and of the Group as at the balance sheet date.
- (d) As stipulated by the relevant laws and regulations for foreign investment enterprises in the People's Republic of China (the "PRC"), the Company's PRC subsidiaries are required to maintain a statutory surplus reserve fund and a discretionary surplus reserve fund, which are non-distributable. Appropriations to such reserves are made out of net profit after taxation of the statutory financial statements of the PRC subsidiaries while the amount and allocation basis are decided by its board of directors annually. The statutory surplus reserve fund can be used to make up its prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue.