

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2004

	Share capital	Share premium	Capital redemption reserve	Goodwill reserve	Special reserve	Statutory surplus reserve fund	Enterprise expansion fund	Exchange reserve	Investment property revaluation reserve	Deficit	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
THE GROUP											
At 1 April 2002	45,947,300	187,468,964	8,000	(7,938,469)	3,460,016	-	-	1,412,683	514	(35,912,151)	194,446,857
Revaluation decrease for the year	-	-	-	-	-	-	-	-	(514)	-	(514)
Net loss for the year	-	-	-	-	-	-	-	-	-	(4,526,711)	(4,526,711)
Transfer to reserve	-	-	-	-	-	1,425,260	1,425,259	-	-	(2,850,519)	-
At 31 March 2003 and 1 April 2003	45,947,300	187,468,964	8,000	(7,938,469)	3,460,016	1,425,260	1,425,259	1,412,683	-	(43,289,381)	189,919,632
Issue of shares, net of expenses	4,738,095	14,734,261	-	-	-	-	-	-	-	-	19,472,356
Net loss for the year	-	-	-	-	-	-	-	-	-	(5,738,813)	(5,738,813)
Transfer to reserve	-	-	-	-	-	916,891	4,714	-	-	(921,605)	-
At 31 March 2004	50,685,395	202,203,225	8,000	(7,938,469)	3,460,016	2,342,151	1,429,973	1,412,683	-	(49,949,799)	203,653,175

The deficit of the Group include retained profits of HK\$2,287,794 (2003: HK\$2,954,646) attributable to associates.

- (i) The special reserve of the Group represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the share capital of a subsidiary acquired by the Company pursuant to a corporate reorganisation in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited in 1992.
- (ii) Statutory surplus reserve fund and enterprise expansion fund are stipulated by the relevant laws and regulations for foreign investment enterprises in the People's Republic of China (the "PRC"), which require the PRC subsidiaries of the Group to provide for reserve funds. Appropriations to such reserve funds are made out of net profit after taxation of the statutory financial statements of the PRC subsidiaries and the amount and allocation basis are decided by its board of directors annually. The statutory surplus reserve fund can be used to make up prior year losses of the PRC subsidiaries of the Group, if any, and can be applied in conversion into capital by means of capitalisation issue. The enterprise expansion fund is used for expanding the capital base of the PRC subsidiary of the Group by means of capitalisation.