

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2004

	<b>Share capital</b> HK\$	<b>Share premium</b> HK\$	<b>Accumulated losses</b> HK\$	<b>Total</b> HK\$
<b>THE GROUP</b>				
1 January 2003	800,000	35,206,597	(5,953,720)	30,052,877
Net loss for the year	—	—	(4,561,723)	(4,561,723)
At 31 December 2003	800,000	35,206,597	(10,515,443)	25,491,154
Issue of shares	4,000,000	46,000,000	—	50,000,000
Share issue expenses	—	(1,651,000)	—	(1,651,000)
Net loss for the year	—	—	(2,104,702)	(2,104,702)
At 31 December 2004	<u>4,800,000</u>	<u>79,555,597</u>	<u>(12,620,145)</u>	<u>71,735,452</u>
<b>THE COMPANY</b>				
At 1 January 2003	800,000	35,206,597	(5,931,620)	30,074,977
Net loss for the year	—	—	(4,561,003)	(4,561,003)
At 31 December 2003	800,000	35,206,597	(10,492,623)	25,513,974
Issue of shares	4,000,000	46,000,000	—	50,000,000
Share issue expenses	—	(1,651,000)	—	(1,651,000)
Net loss for the year	—	—	(2,370,031)	(2,370,031)
At 31 December 2004	<u>4,800,000</u>	<u>79,555,597</u>	<u>(12,862,654)</u>	<u>71,492,943</u>

In accordance with the Companies Law of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.