

pro forma consolidated statement of changes in equity

Year ended 31 March 2005

	Note	Issued share capital HK\$'000	Share premium account HK\$'000	Contributed surplus** HK\$'000	Exchange fluctuation reserve HK\$'000	Proposed final dividend HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2003		100	—	3,880	—	—	98,522	102,502
Net profit for the year		—	—	—	—	—	41,305	41,305
Distributions to the shareholders of the Company	12	—	—	—	—	—	(8,668)	(8,668)
Proposed final 2004 dividend	12	—	—	—	—	43,000	(43,000)	—
At 31 March 2004 and 1 April 2004		100	—*	3,880*	—*	43,000*	88,159*	135,139
Final 2004 dividend declared and paid		—	—	—	—	(43,000)	—	(43,000)
Effect of reorganisation		—	—	2	—	—	—	2
Acquisition of a subsidiary***		—	3,875	—	—	—	—	3,875
Exchange realignment		—	—	—	350	—	—	350
Net gains/losses not recognised in the profit and loss account		—	3,875	2	350	—	—	4,227
Net profit for the year		—	—	—	—	—	47,065	47,065
At 31 March 2005		100	3,875*	3,882*	350*	—*	135,224*	143,431

* These reserve accounts comprise the pro forma consolidated reserves of HK\$143,331,000 (2004: HK\$135,039,000) in the pro forma consolidated balance sheet of the Group.

** The Group's contributed surplus comprises:

- (i) waiver of an amount of HK\$2,046,000 due to a company owned by a controlling shareholder of the Group arising from the purchases of goods by the Group during the year ended 31 March 2002, and;
- (ii) the difference of HK\$1,836,000 between the nominal value of the shares of the subsidiaries acquired pursuant to the Group Reorganisation as set out in note 2 to the pro forma consolidated financial statements which amounted to approximately HK\$1,936,000 (2004: HK\$1,934,000), and the pro forma share capital of the Company of HK\$100,000.

*** This represents the pro forma share premium account arising from the Group's acquisition of the 49% equity interests in Kai Yip Manufactory Limited ("Kai Yip") from the minority shareholder by a series of transactions which resulted eventually in the issue of shares of the Company. The fair value of the shares so issued amounted to HK\$3,875,000 which approximated to the attributable net asset value of Kai Yip at the date of acquisition. Since the consideration was satisfied by the subsequent issue of the Company's shares upon the new listing, a pro forma share premium balance has been presented in these financial statements.