

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER, 2004

	Share capital	Share premium	Special reserve	PRC statutory reserves	Translation reserves	Accumulated profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>THE GROUP</i>							
At 1 January, 2003	–	–	11,016	12,296	(6,264)	51,319	68,367
Issue of shares	200	–	(200)	–	–	–	–
Issue of shares on placing and public offer	600	50,400	–	–	–	–	51,000
Issue of shares by way of capitalisation of share premium account	1,200	(1,200)	–	–	–	–	–
Expenses incurred in connection with the issue of shares	–	(13,555)	–	–	–	–	(13,555)
Profit for the year	–	–	–	–	–	20,143	20,143
Transfers	–	–	–	7,237	–	(7,237)	–
Dividends (<i>note 10</i>)	–	–	–	–	–	(3,000)	(3,000)
At 31 December, 2003	2,000	35,645	10,816	19,533	(6,264)	61,225	122,955
Profit for the year	–	–	–	–	–	13,086	13,086
Transfers	–	–	–	1,911	–	(1,911)	–
Dividends (<i>note 10</i>)	–	–	–	–	–	(4,000)	(4,000)
At 31 December, 2004	2,000	35,645	10,816	21,444	(6,264)	68,400	132,041

The special reserve represents:

- (i) the difference between the nominal value of the share capital issued by Wah Yuen Foods International Limited (“WYFI”) and the nominal value of the share capital of the subsidiaries acquired in a previous group reorganisation; and
- (ii) the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of the subsidiaries acquired in a previous group reorganisation.

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The People's Republic of China (the "PRC") statutory reserves consist of a reserve fund and an expansion fund provided in accordance with the articles of association of the PRC subsidiaries. Laws and regulations in the PRC allow foreign investment enterprises to appropriate from profit after taxation, prepared in accordance with the PRC rules and regulations, an annual amount to the reserve fund and expansion fund according to the decision of the board or the articles of association.

The reserve fund is to be used to expand the working capital of the PRC subsidiaries. When the PRC subsidiaries suffer losses, the reserve fund may be used to make up accumulated losses under special circumstances.

The expansion fund is to be used for business expansion and, if approved, can also be used to increase the capital of the PRC subsidiaries.