

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2006

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	PRC statutory reserve HK\$'000	Translations reserves HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1 January 2005	2,000	35,645	10,816	21,444	(6,264)	68,069	131,710
Issue of shares	140	5,460	-	-	-	-	5,600
Profit for the year	-	-	-	-	-	10,216	10,216
Transfers	-	-	-	1,607	-	(1,607)	-
Translation exchange difference	-	-	-	-	2,013	-	2,013
At 31 December 2005 and 1 January 2006	2,140	41,105	10,816	23,051	(4,251)	76,678	149,539
Issue of rights shares (note 22)	3,210	28,890	-	-	-	-	32,100
Share issue expenses	-	(1,444)	-	-	-	-	(1,444)
Profit for the year	-	-	-	-	-	13,030	13,030
Transfers	-	-	-	866	-	(866)	-
Translation exchange differences	-	-	-	-	1,318	-	1,318
<b>At 31 December 2006</b>	<b>5,350</b>	<b>68,551</b>	<b>10,816</b>	<b>23,917</b>	<b>(2,933)</b>	<b>88,842</b>	<b>194,543</b>

The special reserve represents:

- (i) the difference between the nominal value of the share capital issued by Wah Yuen Foods International Limited 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.

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 the 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.

The accompanying notes form an integral part of these financial statements.

