

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2004

	Share capital HK\$'000	Share premium account HK\$'000	Merger reserve HK\$'000	Revaluation reserve HK\$'000	Translation reserve HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2003	33,600	32,421	800	16,952	449	710	62,609	147,541
Exchange gain on translation of overseas operations not recognised in the consolidated income statement	-	-	-	-	342	-	-	342
Release of revaluation reserve	-	-	-	(510)	-	-	510	-
Net gain (loss) not recognised in the consolidated income statement	-	-	-	(510)	342	-	510	342
Issue of shares for acquisition of intangible assets and raw materials	850	11,645	-	-	-	-	-	12,495
Profit for the year	-	-	-	-	-	-	12,095	12,095
Dividends paid	-	-	-	-	-	-	(6,720)	(6,720)
At 31 December 2003	34,450	44,066	800	16,442	791	710	68,494	165,753
Exchange gain on translation of overseas operations not recognised in the consolidated income statement	-	-	-	-	379	-	-	379
Release of revaluation reserve net of deferred tax	-	-	-	(426)	-	-	426	-
Net gain (loss) not recognised in the consolidated income statement	-	-	-	(426)	379	-	426	379
Issue of shares at premium	5,800	73,660	-	-	-	-	-	79,460
Share issue expenses	-	(2,160)	-	-	-	-	-	(2,160)
Repurchase of shares	(2,786)	(27,122)	-	-	-	-	-	(29,908)
Profit for the year	-	-	-	-	-	-	18,182	18,182
Dividends paid	-	-	-	-	-	-	(6,330)	(6,330)
<b>At 31 December 2004</b>	<b>37,464</b>	<b>88,444</b>	<b>800</b>	<b>16,016</b>	<b>1,170</b>	<b>710</b>	<b>80,772</b>	<b>225,376</b>



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The retained profits of the Group included HK\$7,719,000 (2003: HK\$3,762,000) retained by an associate of the Group.

The merger reserve represents the difference between the nominal value of the share capital of the subsidiaries acquired and the nominal value of the share capital of the Company issued for the acquisition under the Group Reorganisation.

Other reserves, consisting of expansion fund and the reserve fund, are provided in accordance with the Articles of Association of a PRC subsidiary.

Laws and regulations in the PRC allow foreign investment enterprises to appropriate from profit after taxation, prepared in accordance with the PRC statutory requirements, an amount to the reserve fund and expansion fund according to the decision of the Board of Directors or the Articles of Association of the enterprises.

The reserve fund is used to expand the enterprise's working capital. When the enterprise suffers losses, the reserve fund may be used to make up unrecovered losses under special circumstances.

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