

Consolidated Statement of Changes in Equity

For the year ended 31 December 2005

	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	PRC statutory reserves HK\$'000	Translation reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
The Group							
As at 1 January 2004							
– As previously reported	2,000	35,645	10,816	19,533	(6,264)	61,225	122,955
– Effect of adopting HKAS 17	–	–	–	–	–	(304)	(304)
– As restated	2,000	35,645	10,816	19,533	(6,264)	60,921	122,651
Profit for the year							
– As previously reported	–	–	–	–	–	13,086	13,086
– Effect of adopting HKAS 17	–	–	–	–	–	(27)	(27)
– As restated	–	–	–	–	–	13,059	13,059
Transfers	–	–	–	1,911	–	(1,911)	–
Dividends (<i>note 12</i>)	–	–	–	–	–	(4,000)	(4,000)
	–	–	–	1,911	–	7,148	9,059
As at 31 December 2004 and 1 January 2005 (as restated)	2,000	35,645	10,816	21,444	(6,264)	68,069	131,710
Issue of shares (<i>note 23</i>)	140	5,460	–	–	–	–	5,600
Profit for the year	–	–	–	–	–	10,216	10,216
Transfers	–	–	–	1,607	–	(1,607)	–
Translation exchange differences	–	–	–	–	2,013	–	2,013
As at 31 December 2005	2,140	41,105	10,816	23,051	(4,251)	76,678	149,539

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.