	Share capital HK$'000	Share premium HK$'000	Property revaluation reserve HK$'000	Legal reserves HK$'000	Capital reserve HK$'000	Currency translation reserve HK$'000	Contributed surplus HK$'000	(Accumulated deficit) retained profits HK$'000	Total HK$'000	Minority interest HK$'000	Total HK$'000
Balance at 1st January, 2004											
– as previously reported	55,293	353,062	35,424	16,195	37,717	(11,066)	–	(351,400)	135,225	43,672	178,897
– effect of change in accounting policies	–	–	(3,041)	–	–	–	–	866	(2,175)	–	(2,175)
– as restated	55,293	353,062	32,383	16,195	37,717	(11,066)	–	(350,534)	133,050	43,672	176,722
Exchange difference arising on translation of operations of overseas subsidiaries and associate recognised directly in equity	–	–	–	–	–	1,520	–	–	1,520	(2)	1,518
Profit for the year	–	–	–	–	–	–	–	58,766	58,766	1,723	60,489
Realised upon the disposal of a subsidiary	–	–	–	–	–	3,410	–	–	3,410	–	3,410
Realised upon the partial disposal of an associate	–	–	–	–	–	393	–	–	393	–	393
Total recognised income for the year	–	–	–	–	–	5,323	–	58,766	64,089	1,721	65,810
Reduction of share capital (note 34)	(52,528)	–	–	–	–	–	52,528	–	–	–	–
Cancellation of share premium account and transfer to contributed surplus account (note 34)	–	(353,062)	–	–	–	–	353,062	–	–	–	–
Transfer from contributed surplus account to deficit account (note 34)	–	–	–	–	–	–	(356,653)	356,653	–	–	–
Transfer upon the disposal of a subsidiary	–	–	–	(4,745)	(37,717)	–	–	42,462	–	–	–
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(35,365)	(35,365)
Conversion of convertible note	1,500	28,500	–	–	–	–	–	–	30,000	–	30,000
Dividend paid to minority shareholders of a subsidiary	–	–	–	–	–	–	–	–	–	(1,080)	(1,080)
Balance at 31st December, 2004	4,265	28,500	32,383	11,450	–	(5,743)	48,937	107,347	227,139	8,948	236,087
Exchange difference arising on translation of operations of overseas subsidiaries and associate recognised directly in equity	–	–	–	–	–	3,105	–	–	3,105	105	3,210
Realised upon the liquidation of a subsidiary	–	–	–	–	–	(13)	–	–	(13)	–	(13)
Profit for the year	–	–	–	–	–	–	–	13,413	13,413	(277)	13,136
Total recognised income (expense) for the year	–	–	–	–	–	3,092	–	13,413	16,505	(172)	16,333
Liquidation of a subsidiary	–	–	–	–	–	–	–	–	–	(1,251)	(1,251)
Deemed acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	(552)	(552)
Balance at 31st December, 2005	4,265	28,500	32,383	11,450	–	(2,651)	48,937	120,760	243,644	6,973	250,617

The contributed surplus of the Group arose as a result of the capital reorganisation on 23rd April, 2004 as set out in note 34.

In prior years, Intech Machines Company, Limited ("IML"), in accordance with its articles of incorporation, set aside 10% of its annual net income as a legal reserve until an amount equal to its paid up capital is reached. IML had been partially disposed of during the year ended 31st December, 2004 and the legal reserve was transferred to retained profits upon the disposal. In prior years, in accordance with statutory requirements in the People's Republic of China (excluding Hong Kong) (the "PRC"), a subsidiary registered in the PRC had transferred a certain percentage of its annual net income from retained profits to legal reserves. No such transfer is required for the year ended 31st December, 2005 and 2004 as that subsidiary incurred losses for the year. These legal reserves are not distributable.

The Group's capital reserve represents an aggregate amount of retained profits of HK$37,717,000 which was capitalised as share capital by IML. The amount was transferred to retained profits of the Group upon the disposal of IML during the year ended 31st December, 2004.