

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2005

	Share capital	Share premium	Capital reserve	Other reserve	General reserve fund	Shareholder's contribution	Translation reserve	Share option reserve	Retained earnings	Attributable to equity holders of the parent	Minority interests	Total
	HK\$	HK\$	HK\$ (Note 1)	HK\$ (Note 2)	HK\$ (Note 3)	HK\$ (Note 4)	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Balance at 1 January, 2004	19,941,078	21,883,922	10,657,000	5,077,863	3,589,024	2,725,949	(383,362)	-	51,878,890	115,370,364	465,044	115,835,408
Exchange differences arising on translation of overseas operations not recognized in the income statement	-	-	-	-	-	-	(119,393)	-	-	(119,393)	11,840	(107,553)
Profit for the year	-	-	-	-	-	-	-	-	52,255,793	52,255,793	49,727	52,305,520
Total recognised income and expense for the year	-	-	-	-	-	-	(119,393)	-	52,255,793	52,136,400	61,567	52,197,967
Issue of shares	6,648,000	111,021,600	-	-	-	-	-	-	-	117,669,600	-	117,669,600
Share issue expenses	-	(15,089,640)	-	-	-	-	-	-	-	(15,089,640)	-	(15,089,640)
Dividend paid	-	-	-	-	-	-	-	-	(9,970,539)	(9,970,539)	-	(9,970,539)
Recognition of equity-settled share based payments expense	-	-	-	-	-	-	-	832,177	-	832,177	-	832,177
Transfer	-	-	-	-	5,292,264	-	-	-	(5,292,264)	-	-	-
Balance at 1 January, 2005	26,589,078	117,815,882	10,657,000	5,077,863	8,881,288	2,725,949	(502,755)	832,177	88,871,880	260,948,362	526,611	261,474,973
Exchange difference arising on translation of overseas operations	-	-	-	-	-	-	3,035,736	-	-	3,035,736	(62,940)	2,972,796
Profit for the year	-	-	-	-	-	-	-	-	60,012,355	60,012,355	568,948	60,581,303
Total recognised income and expense for the year	-	-	-	-	-	-	3,035,736	-	60,012,355	63,048,091	506,008	63,554,099
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	6,087,476	6,087,476
Exercised of share option	427,700	13,171,933	-	-	-	-	-	(2,907,133)	-	10,692,500	-	10,692,500
Recognition of equity-settled share based payments expense	-	-	-	-	-	-	-	4,077,665	-	4,077,665	-	4,077,665
Transfer	-	-	-	-	7,351,172	-	-	-	(7,351,172)	-	-	-
Dividend paid	-	-	-	-	-	-	-	-	(26,589,078)	(26,589,078)	-	(26,589,078)
Balance at 31 December, 2005	27,016,778	130,987,815	10,657,000	5,077,863	16,232,460	2,725,949	2,532,981	2,002,709	114,943,985	312,177,540	7,120,095	319,297,635

*Note 1:* The capital reserve of the Group represents the difference between the paid-in capital of the subsidiaries acquired pursuant to a group reorganisation and the nominal value of the Company's shares issued in exchange therefor.

*Note 2:* The other reserve of the Group represents the capitalisation of general reserve fund and enterprise expansion fund in SinoCom Beijing as share capital of SinoCom Beijing in year 2003.

*Note 3:* In accordance with the PRC law and regulations on foreign enterprises, SinoCom Beijing is required to set aside 10% of its net profit to the general reserve fund until the fund aggregates to 50% of its registered capital. There is no limitation for SinoCom Beijing in respect of the percentage of its profit after tax to be transferred to the enterprise expansion fund. In accordance with its articles of association, SinoCom Beijing may transfer such amount of profits (after taxation) as determined by its board of directors to the general reserve fund and the enterprise expansion fund before distribution to its shareholders. The general reserve fund and the enterprise expansion fund are non-distributable and can be used to increase the capital of SinoCom Beijing. The general reserve fund can also be used to make good future losses.

*Note 4:* The shareholder's contribution of the Group represents waiver of amount due to a shareholder of the Company.