

## Consolidated Statement of Changes in Equity

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For the year ended 31 December 2005

Annual Report 2005

	Share capital	Share premium	Special reserve	Statutory surplus reserve	Statutory public welfare fund	Discretionary reserve	Translation reserve	Contribution from shareholders	Retained earnings	Total
	RMB	RMB	RMB (note b)	RMB (note c)	RMB (note d)	RMB (note e)	RMB	RMB	RMB	RMB
At 1 January, 2004 (note a)	38,391,600	-	(22,750,000)	3,125,000	3,470,799	495,820	-	-	29,276,095	52,009,314
Elimination on reorganisation	(38,391,600)	-	38,391,600	-	-	-	-	-	-	-
Arising from reorganisation	-	-	15,641,600	3,125,000	3,470,799	495,820	-	-	29,276,095	52,009,314
Shares issued pursuant to the public offer and placing	10,600,000	47,700,000	-	-	-	-	-	-	-	58,300,000
Shares issued by capitalisation of the share premium	31,694,011	(31,694,011)	-	-	-	-	-	-	-	-
Share issue expenses	-	(15,369,989)	-	-	-	-	-	-	-	(15,369,989)
Transfer	-	-	-	3,014,673	-	-	-	-	(3,014,673)	-
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	243,808	-	243,808
Exchange differences arising on translation of foreign operations	42,400,000	636,000	15,535,611	6,139,673	3,470,799	495,820	-	243,808	26,261,422	95,183,133
Profit for the year	-	-	-	-	-	-	58,699	-	-	58,699
Total recognised income and expense for the year	-	-	-	-	-	-	58,699	-	28,279,855	28,279,855
At 31 December 2004 and 1 January, 2005 as restated	42,400,000	636,000	15,535,611	6,139,673	3,470,799	495,820	58,699	243,808	54,541,277	123,521,687
Profit for the year	-	-	-	-	-	-	-	-	9,255,522	9,255,522
Total recognized income and expense for the year	-	-	-	-	-	-	-	-	9,255,522	9,255,522
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	1,268,354	-	1,268,354
Dividend paid	-	-	-	-	-	-	-	-	(7,200,000)	(7,200,000)
At 31 December, 2005	42,400,000	636,000	15,535,611	6,139,673	3,470,799	495,820	58,699	1,512,162	56,596,799	126,845,563

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Notes:

- (a) As at 31 December 2003, the share capital represented Modern Age's paid-in capital of RMB4,339,920 and called capital of RMB34,051,680, totalling RMB38,391,600.
- (b) Special reserve represents the difference between the nominal value of the ordinary shares issued by the Company and Beijing Zhizhen Node Technology Development Co., Ltd. 北京直真節點技術開發有限公司 ("ZZNode (Beijing)") and the aggregate of share capital and share premium or net assets of the subsidiaries acquired by the Company and ZZNode (Beijing) through exchange of shares.
- (c) As stipulated by the relevant laws and regulations in the People's Republic of China (the "PRC"), the Company's subsidiaries in the PRC are required to provide appropriation of 10% of their profit after tax each year calculated in accordance with the accounting principles and financial regulations applicable to companies established in the PRC ("PRC GAAP") to the statutory surplus reserve until the balance reaches 50% of the registered capital. According to the provision of the Articles of Association of the Company's subsidiaries in the PRC, in normal circumstances, the statutory surplus reserve shall only be used for making up losses, capitalisation into registered capital and expansion of production and operation. For the capitalisation of statutory surplus reserve into registered capital, the remaining amount of such reserve shall not be less than 25% of the registered capital.

On 14 January 2004, ZZNode (Beijing) was transformed from a private limited company to a foreign-owned enterprise. Accordingly, it is not required to provide appropriation of 10% of its profit after tax to statutory surplus reserve.

- (d) Pursuant to the PRC Company Law, the Company's subsidiaries in the PRC shall make allocation from their profit after tax under PRC GAAP at the rate of 5% to 10% to the statutory public welfare fund. The statutory public welfare fund can only be utilised on capital items for employees' collective welfare.

Subsequent to the transformation of ZZNode (Beijing) to a foreign-owned enterprise on 14 January 2004, appropriation to statutory public welfare fund is no longer required.

- (e) Discretionary reserve is a distributable reserve and is appropriated from accumulated profits in accordance with shareholders' approval. The discretionary reserve can be used for capitalisation into registered capital.