

Consolidated Statement of Changes in Equity

For the year ended 31 December 2005

	Share capital US\$	Share premium US\$	Merger reserve US\$ (note 1)	Statutory reserve US\$ (note 2)	Exchange reserve US\$	Accumulated profits US\$	Total US\$
At 1 January 2004	26,800,000	—	—	186,005	(8,094)	3,358,341	30,336,252
Profit for the year	—	—	—	—	—	25,106,432	25,106,432
Total recognised income and expense for the year	—	—	—	—	—	25,106,432	25,106,432
Issue of share of Global Technology International Limited ("Global Technology")	5,200,000	—	—	—	—	—	5,200,000
Dividend	—	—	—	—	—	(3,000,000)	(3,000,000)
Transfer	—	—	—	2,731,542	—	(2,731,542)	—
At 31 December 2004	32,000,000	—	—	2,917,547	(8,094)	22,733,231	57,642,684
Exchange differences on translation of foreign operations	—	—	—	—	1,157,596	—	1,157,596
Net income recognised directly in equity	—	—	—	—	1,157,596	—	1,157,596
Profit for the year	—	—	—	—	—	14,189,312	14,189,312
Total recognised income and expense for the year	—	—	—	—	1,157,596	14,189,312	15,346,908
Issue of shares at premium through initial public offer	3,225,806	29,677,418	—	—	—	—	32,903,224
Share issue expenses	—	(1,155,560)	—	—	—	—	(1,155,560)
Effect of Group Reorganisation	(31,987,096)	—	31,987,096	—	—	—	—
Effect of capitalisation issue	12,890,322	(12,890,322)	—	—	—	—	—
Transfer	—	—	—	1,671,280	—	(1,671,280)	—
At 31 December 2005	16,129,032	15,631,536	31,987,096	4,588,827	1,149,502	35,251,263	104,737,256

Notes:

1. The merger reserve represents the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of Global Technology acquired pursuant to the Group Reorganisation.
2. Pursuant to the relevant regulations applicable to foreign investment enterprises established in the People's Republic of China (the "PRC"), Global Flex (Suzhou) Co., Ltd is required to transfer certain percent of its profit after taxation to the statutory reserve. The balances of the statutory reserve cannot be reduced except where approval is obtained from the relevant PRC authority to offset accumulated losses or increase capital.