

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2006

| | Attributable to equity holders of the Company | | | | | | | | | | | |
|--|---|---------------|----------------------|----------------------|----------------------|----------------------------|---------------------|----------------------|-------------------|----------|--------------------|----------|
| | Share capital | Share premium | Capital reserve | Other reserve | General reserve fund | Shareholder's contribution | Translation reserve | Share option reserve | Retained earnings | Total | Minority interests | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 (Note 1) | HK\$'000 (Note 2) | HK\$'000 (Note 3) | HK\$'000 (Note 4) | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Balance at 1 January 2005 | 26,589 | 117,816 | 10,657 | 5,078 | 8,881 | 2,726 | (503) | 832 | 88,872 | 260,948 | 527 | 261,475 |
| Exchange differences arising on translation of overseas operations | - | - | - | - | - | - | 3,036 | - | - | 3,036 | (64) | 2,972 |
| Profit for the year | - | - | - | - | - | - | - | - | 60,012 | 60,012 | 569 | 60,581 |
| Total recognised income and expense for the year | - | - | - | - | - | - | 3,036 | - | 60,012 | 63,048 | 505 | 63,553 |
| Acquisition of a subsidiary | - | - | - | - | - | - | - | - | - | - | 6,088 | 6,088 |
| Exercise of share options | 428 | 13,172 | - | - | - | - | - | (2,907) | - | 10,693 | - | 10,693 |
| Recognition of equity-settled share based payments expense | - | - | - | - | - | - | - | 4,078 | - | 4,078 | - | 4,078 |
| Transfer | - | - | - | - | 7,351 | - | - | - | (7,351) | - | - | - |
| Dividend paid | - | - | - | - | - | - | - | - | (26,589) | (26,589) | - | (26,589) |
| Balance at 1 January 2006 | 27,017 | 130,988 | 10,657 | 5,078 | 16,232 | 2,726 | 2,533 | 2,003 | 114,944 | 312,178 | 7,120 | 319,298 |
| Exchange differences arising on translation of overseas operations | - | - | - | - | - | - | 7,852 | - | - | 7,852 | 91 | 7,943 |
| Profit for the year | - | - | - | - | - | - | - | - | 73,308 | 73,308 | 1,129 | 74,437 |
| Total recognised income and expense for the year | - | - | - | - | - | - | 7,852 | - | 73,308 | 81,160 | 1,220 | 82,380 |
| Contribution from minority shareholders | - | - | - | - | - | - | - | - | - | - | 1,088 | 1,088 |
| Acquisition of additional equity interest in a subsidiary | - | - | - | - | - | - | - | - | - | - | (736) | (736) |
| Exercise/forfeiture of share options | 400 | 12,218 | - | - | - | - | - | (2,869) | 256 | 10,005 | - | 10,005 |
| Recognition of equity-settled share based payments expense | - | - | - | - | - | - | - | 10,709 | - | 10,709 | - | 10,709 |
| Transfer | - | - | - | - | 8,529 | - | - | - | (8,529) | - | - | - |
| Dividend paid | - | - | - | - | - | - | - | - | (29,718) | (29,718) | - | (29,718) |
| Balance at 31 December 2006 | 27,417 | 143,206 | 10,657 | 5,078 | 24,761 | 2,726 | 10,385 | 9,843 | 150,261 | 384,334 | 8,692 | 393,026 |

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 Zhongxun Computer System (Beijing) Co., Ltd. ("SinoCom Beijing") as share capital of SinoCom Beijing in year 2003.

Note 3: In accordance with the law and regulations in the People's Republic of China (the "PRC") 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.