

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2006

	Share capital HK\$'000	Share premium HK\$'000	Goodwill HK\$'000	Investment revaluation reserve HK\$'000	General reserve HK\$'000	Translation reserve HK\$'000	Regulatory reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
<b>THE GROUP</b>									
At 1 January 2006	217,500	1,542,817	(182)	163,125	1,388,500	(1,691)	122,837	2,400,230	5,833,136
Revaluation gains, net	-	-	-	60,387	-	-	-	-	60,387
Exchange differences arising from translation of foreign operations	-	-	-	-	-	1,539	-	-	1,539
Deferred taxation arising from revaluation movement ( <i>Note 28</i> )	-	-	-	(27,125)	-	-	-	-	(27,125)
Net income recognised directly in equity	-	-	-	33,262	-	1,539	-	-	34,801
Profit for the year	-	-	-	-	-	-	-	503,144	503,144
Reversal of reserves upon disposal	-	-	-	(54,001)	-	-	-	-	(54,001)
Total recognised income for the year	-	-	-	(20,739)	-	1,539	-	503,144	483,944
Interim dividend paid for financial year 2006	-	-	-	-	-	-	-	(82,650)	(82,650)
Final dividend paid for financial year 2005	-	-	-	-	-	-	-	(182,700)	(182,700)
Earmark of retained profits as regulatory reserve	-	-	-	-	-	-	42,163	(42,163)	-
At 31 December 2006	<u>217,500</u>	<u>1,542,817</u>	<u>(182)</u>	<u>142,386</u>	<u>1,388,500</u>	<u>(152)</u>	<u>165,000</u>	<u>2,595,861</u>	<u>6,051,730</u>

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for the year ended 31 December 2006

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<b>THE GROUP</b>									
At 1 January 2005	217,500	1,542,817	(182)	130,689	1,388,500	(26)	103,883	2,273,501	5,656,682
Revaluation gains, net	-	-	-	79,970	-	-	-	-	79,970
Exchange differences arising from translation of foreign operations	-	-	-	-	-	(1,665)	-	-	(1,665)
Net income recognised directly in equity	-	-	-	79,970	-	(1,665)	-	-	78,305
Profit for the year	-	-	-	-	-	-	-	397,983	397,983
Reversal of reserves upon disposal	-	-	-	(47,534)	-	-	-	-	(47,534)
Total recognised income for the year	-	-	-	32,436	-	(1,665)	-	397,983	428,754
Interim dividend paid for financial year 2005	-	-	-	-	-	-	-	(78,300)	(78,300)
Final dividend paid for financial year 2004	-	-	-	-	-	-	-	(174,000)	(174,000)
Earmark of retained profits as regulatory reserve	-	-	-	-	-	-	18,954	(18,954)	-
At 31 December 2005	<u>217,500</u>	<u>1,542,817</u>	<u>(182)</u>	<u>163,125</u>	<u>1,388,500</u>	<u>(1,691)</u>	<u>122,837</u>	<u>2,400,230</u>	<u>5,833,136</u>

The retained profits of the Group included accumulated profits of HK\$18,497,000 (2005: accumulated losses of HK\$15,049,000) retained by the jointly controlled entities of the Group.

The regulatory reserve is set up in compliance with the Hong Kong Monetary Authority's requirements and is distributable to shareholders of the Bank subject to consultation with the Hong Kong Monetary Authority.

The general reserve comprises transfers from previous years' retained profits.