

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2005

	Share capital HK\$'000	Share premium HK\$'000	Goodwill HK\$'000	Investment property revaluation reserve HK\$'000	Land and buildings revaluation reserve 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
THE GROUP											
At 1 January 2005											
- as originally stated	217,500	1,542,817	(182)	34,340	644,108	130,689	1,388,500	(26)	-	2,245,680	6,203,426
- effect of changes in accounting policies (Note 2A)	-	-	-	(5,318)	(644,108)	-	-	-	-	5,651	(643,775)
- as restated	217,500	1,542,817	(182)	29,022	-	130,689	1,388,500	(26)	-	2,251,331	5,559,651
Effect of initial application of HKAS 39	-	-	-	-	-	-	-	-	-	96,390	96,390
Effect of initial application of HKAS 40	-	-	-	(29,022)	-	-	-	-	-	29,022	-
Effect of initial application of HKFRS 3	-	-	-	-	-	-	-	-	-	641	641
Earmark of retained profits as regulatory reserve	-	-	-	-	-	-	-	-	103,883	(103,883)	-
As restated on 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	-	-	-	-	-	55,995	-	-	-	-	55,995
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	(1,665)	-	-	(1,665)
Net income recognised directly in equity	-	-	-	-	-	55,995	-	(1,665)	-	-	54,330
Profit for the year	-	-	-	-	-	-	-	-	-	397,983	397,983
Reversal of reserves upon disposal	-	-	-	-	-	(23,559)	-	-	-	-	(23,559)
Total recognised income for the year	-	-	-	-	-	32,436	-	(1,665)	-	397,983	428,754
Interim dividend paid	-	-	-	-	-	-	-	-	-	(78,300)	(78,300)
Final dividend paid	-	-	-	-	-	-	-	-	-	(174,000)	(174,000)
Earmark of retained profits as regulatory reserve	-	-	-	-	-	-	-	-	18,954	(18,954)	-
At 31 December 2005	217,500	1,542,817	(182)	-	-	163,125	1,388,500	(1,691)	122,837	2,400,230	5,833,136
At 1 January 2004											
- as originally stated	217,500	1,542,817	(182)	29,344	572,240	74,473	1,388,500	2,586	-	2,117,130	5,944,408
- effect of changes in accounting policies (Note 2A)	-	-	-	(4,707)	(572,240)	-	-	-	-	544	(576,403)
- as restated	217,500	1,542,817	(182)	24,637	-	74,473	1,388,500	2,586	-	2,117,674	5,368,005
Revaluation gains	-	-	-	4,996	-	52,616	-	-	-	-	57,612
Deferred taxation arising from revaluation gains	-	-	-	(611)	-	-	-	-	-	-	(611)
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	953	-	-	953
Net income recognised directly in equity	-	-	-	4,385	-	52,616	-	953	-	-	57,954
Profit for the year	-	-	-	-	-	-	-	-	-	359,857	359,857
Reversal of reserves upon disposal	-	-	-	-	-	3,600	-	(3,565)	-	-	35
Total recognised income for the year	-	-	-	4,385	-	56,216	-	(2,612)	-	359,857	417,846
Interim dividend paid	-	-	-	-	-	-	-	-	-	(73,950)	(73,950)
Final dividend paid	-	-	-	-	-	-	-	-	-	(152,250)	(152,250)
At 31 December 2004	217,500	1,542,817	(182)	29,022	-	130,689	1,388,500	(26)	-	2,251,331	5,559,651

The retained profits of the Group included accumulated losses of HK\$15,049,000 (2004: HK\$18,625,000) retained by the jointly controlled entities of the Group.

The regulatory reserve is set up in compliance with 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 and inner reserve.