

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2004

| | 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 | Dividend reserve HK\$'000 | Retained profits HK\$'000 | Total HK\$'000 |
|---|------------------------------|------------------------------|----------------------|--|---|--|--------------------------------|------------------------------------|---------------------------------|---------------------------------|-------------------|
| THE GROUP | | | | | | | | | | | |
| At 1 January 2003 | <u>217,500</u> | <u>1,542,817</u> | <u>(182)</u> | <u>29,344</u> | <u>582,694</u> | <u>9,259</u> | <u>1,388,500</u> | <u>5,307</u> | <u>152,250</u> | <u>1,870,905</u> | <u>5,798,394</u> |
| Revaluation movements | - | - | - | - | - | <u>65,214</u> | - | - | - | - | <u>65,214</u> |
| Currency re-alignment | - | - | - | - | - | - | - | <u>(2,721)</u> | - | - | <u>(2,721)</u> |
| Deferred taxation arising from the change in tax rate (Note 24) | - | - | - | - | <u>(10,454)</u> | - | - | - | - | - | <u>(10,454)</u> |
| Net (losses) gains not recognised in the income statement | - | - | - | - | <u>(10,454)</u> | <u>65,214</u> | - | <u>(2,721)</u> | - | - | <u>52,039</u> |
| Net profit for the year | - | - | - | - | - | - | - | - | - | <u>311,475</u> | <u>311,475</u> |
| Dividends paid | - | - | - | - | - | - | - | - | <u>(152,250)</u> | <u>(65,250)</u> | <u>(217,500)</u> |
| Proposed dividend | - | - | - | - | - | - | - | - | <u>152,250</u> | <u>(152,250)</u> | - |
| At 1 January 2004 | <u>217,500</u> | <u>1,542,817</u> | <u>(182)</u> | <u>29,344</u> | <u>572,240</u> | <u>74,473</u> | <u>1,388,500</u> | <u>2,586</u> | <u>152,250</u> | <u>1,964,880</u> | <u>5,944,408</u> |
| Revaluation movements | - | - | - | <u>4,996</u> | <u>92,576</u> | <u>52,616</u> | - | - | - | - | <u>150,188</u> |
| Currency re-alignment | - | - | - | - | - | - | - | <u>953</u> | - | - | <u>953</u> |
| Deferred taxation arising from revaluation movements (Note 24) | - | - | - | - | <u>(15,967)</u> | - | - | - | - | - | <u>(15,967)</u> |
| Reversal of deferred taxation arising from disposal (Note 24) | - | - | - | - | <u>1,006</u> | - | - | - | - | - | <u>1,006</u> |
| Net gains not recognised in the income statement | - | - | - | <u>4,996</u> | <u>77,615</u> | <u>52,616</u> | - | <u>953</u> | - | - | <u>136,180</u> |
| Reversal of reserves upon disposal | - | - | - | - | <u>(5,747)</u> | <u>3,600</u> | - | <u>(3,565)</u> | - | <u>5,747</u> | <u>35</u> |
| Net profit for the year | - | - | - | - | - | - | - | - | - | <u>349,003</u> | <u>349,003</u> |
| Dividends paid | - | - | - | - | - | - | - | - | <u>(152,250)</u> | <u>(73,950)</u> | <u>(226,200)</u> |
| Proposed dividend | - | - | - | - | - | - | - | - | <u>174,000</u> | <u>(174,000)</u> | - |
| At 31 December 2004 | <u>217,500</u> | <u>1,542,817</u> | <u>(182)</u> | <u>34,340</u> | <u>644,108</u> | <u>130,689</u> | <u>1,388,500</u> | <u>(26)</u> | <u>174,000</u> | <u>2,071,680</u> | <u>6,203,426</u> |

Included in the "Translation reserve" of the Group was a surplus of Nil (2003: HK\$3,565,000) being the Bank's share of translation reserve of an associate. Other than that, there is no other reserve retained by the associate.

The retained profits of the Group included accumulated losses of HK\$18,625,000 (2003: HK\$30,392,000) retained by the jointly controlled entities of the Group.