

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$'000	Share premium HK\$'000	Goodwill HK\$'000	Investment property revaluation reserve HK\$'000	Land and buildings revaluation reserve HK\$'000
At 1 January 2004					
as previously reported	217,500	1,542,817	(182)	29,344	572,240
Effect of change in accounting policy	-	-	-	(29,344)	5
as restated	217,500	1,542,817	(182)	-	572,245
Reversal of deferred taxation arising from disposal	-	-	-	-	1,006
Movements on revaluation reserves	-	-	-	-	-
Currency re-alignment	-	-	-	-	-
Net gains not recognised in the income statement	-	-	-	-	1,006
Profit for the period	-	-	-	-	-
Dividends paid	-	-	-	-	-
Proposed dividends	-	-	-	-	-
Reversal of reserves upon disposal	-	-	-	-	(5,747)
At 30 June 2004	217,500	1,542,817	(182)	-	567,504
Currency re-alignment	-	-	-	-	-
Deferred tax credited to reserves	-	-	-	-	(15,885)
Movements on revaluation reserves	-	-	-	-	92,105
Net gains not recognised in the income statement	-	-	-	-	76,220
Profit for the period	-	-	-	-	-
Dividends paid	-	-	-	-	-
Proposed dividends	-	-	-	-	-
Reversal of reserves upon disposal	-	-	-	-	3,600
At 31 December 2004	217,500	1,542,817	(182)	-	643,724
At 31 December 2004					
as previously reported	217,500	1,542,817	(182)	34,340	644,108
Effect of change in accounting policy	-	-	-	(34,340)	(384)
as restated	217,500	1,542,817	(182)	-	643,724
Effect for initial adoption of HKAS 39	-	-	-	-	-
Transfer between reserves	-	-	-	-	-
At 1 January 2005	217,500	1,542,817	(182)	-	643,724
Reversal of deferred taxation arising from disposal	-	-	-	-	328
Movements on reserves	-	-	-	-	-
Currency re-alignment	-	-	-	-	-
Net gains not recognised in the income statement	-	-	-	-	328
Profit for the period	-	-	-	-	-
Dividends paid	-	-	-	-	-
Proposed dividends	-	-	-	-	-
Reversal of reserves upon disposal	-	-	-	-	(1,874)
At 30 June 2005	217,500	1,542,817	(182)	-	642,178

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	Investment revaluation reserve HK\$'000	General reserve HK\$'000	Translation reserve HK\$'000	Regulatory reserve HK\$'000	Dividend reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2004							
as previously reported	74,473	1,388,500	2,586	-	152,250	1,964,880	5,944,408
Effect of change in accounting policy	-	-	-	-	-	29,493	154
as restated	74,473	1,388,500	2,586	-	152,250	1,994,373	5,944,562
Reversal of deferred taxation arising from disposal	-	-	-	-	-	-	1,006
Movements on revaluation reserves	29,719	-	-	-	-	-	29,719
Currency re-alignment	-	-	2,588	-	-	-	2,588
Net gains not recognised in the income statement	29,719	-	2,588	-	-	-	33,313
Profit for the period	-	-	-	-	-	175,858	175,858
Dividends paid	-	-	-	-	(152,250)	-	(152,250)
Proposed dividends	-	-	-	-	73,950	(73,950)	-
Reversal of reserves upon disposal	-	-	(3,565)	-	-	5,747	(3,565)
At 30 June 2004	104,192	1,388,500	1,609	-	73,950	2,102,028	5,997,918
Currency re-alignment	-	-	(1,635)	-	-	-	(1,635)
Deferred tax credited to reserves	-	-	-	-	-	-	(15,885)
Movements on revaluation reserves	22,897	-	-	-	-	-	115,002
Net gains not recognised in the income statement	22,897	-	(1,635)	-	-	-	97,482
Profit for the period	-	-	-	-	-	178,137	178,137
Dividends paid	-	-	-	-	(73,950)	-	(73,950)
Proposed dividends	-	-	-	-	174,000	(174,000)	-
Reversal of reserves upon disposal	3,600	-	-	-	-	-	3,600
At 31 December 2004	130,689	1,388,500	(26)	-	174,000	2,106,165	6,203,187
At 31 December 2004							
as previously reported	130,689	1,388,500	(26)	-	174,000	2,071,680	6,203,426
Effect of change in accounting policy	-	-	-	-	-	34,485	(239)
as restated	130,689	1,388,500	(26)	-	174,000	2,106,165	6,203,187
Effect for initial adoption of HKAS 39	-	-	-	-	-	117,448	117,448
Transfer between reserves	-	-	-	112,690*	-	(112,690)	-
At 1 January 2005	130,689	1,388,500	(26)	112,690	174,000	2,110,923	6,320,635
Reversal of deferred taxation arising from disposal	-	-	-	-	-	-	328
Movements on reserves	49	-	-	(2,008)	-	-	(1,959)
Currency re-alignment	-	-	(454)	-	-	-	(454)
Net gains not recognised in the income statement	49	-	(454)	(2,008)	-	-	(2,085)
Profit for the period	-	-	-	-	-	191,989	191,989
Dividends paid	-	-	-	-	(174,000)	-	(174,000)
Proposed dividends	-	-	-	-	78,300	(78,300)	-
Reversal of reserves upon disposal	(6,561)	-	-	-	-	1,874	(6,561)
At 30 June 2005	124,177	1,388,500	(480)	110,682	78,300	2,226,486	6,329,978

\* In compliance with Hong Kong Monetary Authority's requirements, provisions for bad and doubtful debts written back to retained profits amounting to HK\$112,690,000 have been transferred to regulatory reserve. The regulatory reserve is distributable to shareholders of the Bank subject to consultation with the Hong Kong Monetary Authority.