CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2003

| | 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 | Inner reserve HK\$'000 | Translation reserve HK\$'000 | Dividend reserve HK\$'000 | Retained profits HK\$'000 | Total HK\$'000 |
|--|------------------------------|------------------------------|----------------------|--|---|--|--------------------------------|------------------------------|------------------------------------|---------------------------------|---------------------------------|-------------------|
| THE GROUP | | | | | | | | | | | | |
| At 1 January 2002 - as previously reported | 217,500 | 1,542,817 | (182) | 29,344 | 709,579 | 25,603 | 1,200,000 | 188,500 | 5,284 | 130,500 | 1,747,037 | 5,795,982 |
| - reclassification | - | 1,010,017 | (104) | - | - | | 188,500 | (188,500) | | - 100,000 | - | - |
| - adjustments on adoption of | | | | | | | | | | | | |
| SSAP 12 (revised) | | | | | (113,964) | | | | | | 29,957 | (84,007) |
| - as restated | 217,500 | 1,542,817 | (182) | 29,344 | 595,615 | 25,603 | 1,388,500 | | 5,284 | 130,500 | 1,776,994 | 5,711,975 |
| Revaluation movements | - | - | - | - | (15,382) | (16,344) | - | - | - | - | - | (31,726) |
| Currency re-alignment | - | - | - | - | - | - | - | - | 23 | - | - | 23 |
| Reversal of tax liabilities arising on revaluation of land and build (Note 23) | ings | | _ | | 2,461 | _ | | _ | | _ | _ | 2,461 |
| | | | | | 4,101 | | | | | | | <u> </u> |
| Net (losses) gains not recognised in the income statement | | | | | (12,921) | (16,344) | | | 23 | | | (29,242) |
| Profit for the year | - | - | - | - | - | - | - | - | - | - | 311,411 | 311,411 |
| Dividends paid | - | - | - | - | - | - | - | - | - | (130,500) | (65,250) | (195,750) |
| Proposed dividend | | | | | | | | | | 152,250 | (152,250) | |
| At 1 January 2003 | 217,500 | 1,542,817 | (182) | 29,344 | 582,694 | 9,259 | 1,388,500 | | 5,307 | 152,250 | 1,870,905 | 5,798,394 |
| Revaluation movements | - | - | - | - | - | 65,214 | - | - | - | - | - | 65,214 |
| Currency re-alignment | - | - | - | - | - | - | - | - | (2,721) | - | - | (2,721) |
| Deferred taxation arising from th change in tax rate (<i>Note 23</i>) | e | | | | (10,454) | | | | | | | (10,454) |
| Net (losses) gains not recognised | | | | | | | | | | | | |
| in the income statement | | | | | (10,454) | 65,214 | | | (2,721) | | | 52,039 |
| Profit for the year | - | - | - | - | - | - | - | - | - | | 311,475 | 311,475 |
| Dividends paid | - | - | - | - | - | - | - | - | - | (152,250) | (65,250) | (217,500) |
| Proposed dividend | | | | | | | | | | 152,250 | (152,250) | |
| At 31 December 2003 | 217,500 | 1,542,817 | (182) | 29,344 | 572,240 | 74,473 | 1,388,500 | | 2,586 | 152,250 | 1,964,880 | 5,944,408 |

Included in the "Translation reserve" of the Group was a surplus of HK\$3,565,000 (2002: HK\$3,724,000) being the Bank's share of translation reserve of an associate. Other than this, there is no other reserve retained by the associate.

The retained profits of the Group included accumulated losses of HK\$30,392,000 (2002: HK\$28,392,000) retained by the jointly controlled entities of the Group.

The Group's reserves available for distribution to the shareholders as at 31 December 2003 comprised of the retained profits of HK\$1,964,880,000 (2002: HK\$1,870,905,000), general reserve of HK\$1,388,500,000 (2002: HK\$1,388,500,000) and dividend reserve of HK\$152,250,000 (2002: HK\$152,250,000).