

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company									
	Share capital HK\$'m	Premises revaluation reserve HK\$'m	Reserve for fair value changes of available- for-sale securities HK\$'m	Regulatory reserve* HK\$'m	Merger reserve** HK\$'m	Translation reserve HK\$'m	Retained earnings HK\$'m	Total HK\$'m	Minority interests HK\$'m	Total equity HK\$'m
At 1 January 2005										
As previously reported	52,864	2,498	–	3,410	–	(5)	12,315	71,082	1,276	72,358
Effect of merger of a commonly controlled entity	–	13	–	–	443	–	(62)	394	380	774
At 1 January 2005, restated	52,864	2,511	–	3,410	443	(5)	12,253	71,476	1,656	73,132
Net profit for the year	–	–	–	–	–	–	13,596	13,596	260	13,856
Currency translation difference	–	–	–	–	–	1	–	1	–	1
2004 dividend paid	–	–	–	–	–	–	(4,176)	(4,176)	(55)	(4,231)
2005 interim dividend paid	–	–	–	–	–	–	(3,468)	(3,468)	(111)	(3,579)
Revaluation of premises	–	3,325	–	–	–	–	–	3,325	33	3,358
Release upon disposal of premises	–	(269)	–	–	–	–	269	–	–	–
Change in fair value of available-for-sale securities taken to equity	–	–	(293)	–	–	–	–	(293)	–	(293)
Amortisation with respect to available-for-sale securities transferred to held-to-maturity securities	–	–	5	–	–	–	(33)	(28)	–	(28)
Release of reserve upon derecognition of available-for-sale securities	–	–	–	–	–	–	(34)	(34)	–	(34)
Release (to)/from deferred tax liabilities	–	(507)	43	–	–	–	–	(464)	(5)	(469)
Transfer from retained earnings	–	–	–	116	–	–	(116)	–	–	–
At 31 December 2005	52,864	5,060	(245)	3,526	443	(4)	18,291	79,935	1,778	81,713
Company and subsidiaries	52,864	5,060	(245)	3,526	443	(4)	18,320	79,964		
Associates	–	–	–	–	–	–	(29)	(29)		
	52,864	5,060	(245)	3,526	443	(4)	18,291	79,935		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company									
	Share capital	Premises revaluation reserve	Reserve for fair value changes of available-for-sale securities	Regulatory reserve*	Merger reserve**	Translation reserve	Retained earnings	Total	Minority interests	Total equity
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
At 1 January 2006										
As previously reported	52,864	5,043	(245)	3,526	-	(4)	18,251	79,435	1,298	80,733
Effect of merger of a commonly controlled entity	-	17	-	-	443	-	40	500	480	980
At 1 January 2006, restated	52,864	5,060	(245)	3,526	443	(4)	18,291	79,935	1,778	81,713
Net profit for the year	-	-	-	-	-	-	14,007	14,007	277	14,284
Currency translation difference	-	-	-	-	-	4	-	4	-	4
2005 final dividend paid	-	-	-	-	-	-	(5,075)	(5,075)	-	(5,075)
2006 interim dividend paid	-	-	-	-	-	-	(4,240)	(4,240)	(70)	(4,310)
Revaluation of premises	-	1,209	-	-	-	-	-	1,209	-	1,209
Release upon disposal of premises	-	(64)	-	-	-	-	64	-	-	-
Change in fair value of available-for-sale securities taken to equity	-	-	99	-	-	-	-	99	-	99
Amortisation with respect to available-for-sale securities transferred to held-to-maturity securities	-	-	50	-	-	-	(247)	(197)	-	(197)
Release of reserve upon derecognition of available-for-sale securities	-	-	(1)	-	-	-	(3)	(4)	-	(4)
Distribution of cash	-	-	-	-	(900)	-	-	(900)	-	(900)
Release to deferred tax liabilities	-	(165)	(18)	-	-	-	-	(183)	-	(183)
Transfer from retained earnings	-	-	-	95	457	-	(552)	-	-	-
At 31 December 2006	52,864	6,040	(115)	3,621	-	-	22,245	84,655	1,985	86,640
Company and subsidiaries	52,864	6,040	(115)	3,621	-	-	22,229	84,639		
Associates	-	-	-	-	-	-	16	16		
	52,864	6,040	(115)	3,621	-	-	22,245	84,655		
Representing:										
2006 final dividend proposed (Note 18)							4,726			
Others							17,519			
Retained earnings as at 31 December 2006							22,245			

\* In accordance with the requirements of the HKMA, the amounts are set aside for general banking risks, including future losses or other unforeseeable risks, in addition to the loan impairment allowances recognised under HKAS 39.

\*\* Merger reserve arising on the acquisition of BOC Life. On 1 June 2006, the Group acquired a 51% shareholding of BOC Life with a total consideration of HK\$900 million (please refer to Note 2 and Note 33).

The notes on pages 93 to 180 are an integral part of these financial statements.