

Consolidated Statement of Changes in Equity

for the year ended 31 December 2004

| | Share capital HK\$ millions | Share premium HK\$ millions | Revaluation reserves HK\$ millions | Exchange reserve HK\$ millions | Retained profit HK\$ millions | Total HK\$ millions |
|--|-----------------------------------|-----------------------------------|--|--------------------------------------|-------------------------------------|------------------------|
| At 1 January 2004, as previously reported | 1,066 | 28,359 | 9,083 | 13,552 | 195,455 | 247,515 |
| Prior year adjustments (note 1a) | - | - | (10,006) | 18 | 6,490 | (3,498) |
| At 1 January 2004, as restated | 1,066 | 28,359 | (923) | 13,570 | 201,945 | 244,017 |
| Company and subsidiary companies' profit for the year | - | - | - | - | 13,059 | 13,059 |
| Share of reserves of associated companies | - | - | (2) | 464 | 3,209 | 3,671 |
| Share of reserves of jointly controlled entities | - | - | - | (183) | (140) | (323) |
| Revaluation surplus on other listed equity investments | - | - | 661 | - | - | 661 |
| Valuation released upon disposal of other listed equity investments | - | - | (587) | - | - | (587) |
| Deferred tax effect on revaluation of other listed equity investments | - | - | (33) | - | - | (33) |
| Exchange translation differences | - | - | - | 7,751 | - | 7,751 |
| 2003 final dividend paid | - | - | - | - | (5,201) | (5,201) |
| 2004 interim dividend paid | - | - | - | - | (2,174) | (2,174) |
| At 31 December 2004 | 1,066 | 28,359 | (884) | 21,602 | 210,698 | 260,841 |

| | Share capital HK\$ millions | Share premium HK\$ millions | Revaluation reserves HK\$ millions | Exchange reserve HK\$ millions | Retained profit HK\$ millions | Total HK\$ millions |
|---|-----------------------------------|-----------------------------------|--|--------------------------------------|-------------------------------------|------------------------|
| At 1 January 2003, as previously reported | 1,066 | 28,359 | 4,590 | 997 | 187,133 | 222,145 |
| Prior year adjustments (note 1a) | – | – | (11,788) | 18 | 9,191 | (2,579) |
| At 1 January 2003, as restated | 1,066 | 28,359 | (7,198) | 1,015 | 196,324 | 219,566 |
| Company and subsidiary companies' profit for the year | – | – | – | – | 9,836 | 9,836 |
| Share of reserves of associated companies | – | – | 28 | 638 | 2,032 | 2,698 |
| Share of reserves of jointly controlled entities | – | – | – | 59 | (191) | (132) |
| Net goodwill released upon disposal of subsidiary and associated companies and jointly controlled entities | – | – | – | – | 1,319 | 1,319 |
| Revaluation surplus on other listed equity investments | – | – | 3,060 | – | – | 3,060 |
| Valuation released upon disposal of Vodafone and Deutsche Telekom shares | – | – | 3,105 | – | – | 3,105 |
| Valuation released upon disposal of other listed equity investments | – | – | 101 | – | – | 101 |
| Deferred tax effect on revaluation of other listed equity investments | – | – | (19) | – | – | (19) |
| Exchange translation differences | – | – | – | 11,858 | – | 11,858 |
| 2002 final dividend paid | – | – | – | – | (5,201) | (5,201) |
| 2003 interim dividend paid | – | – | – | – | (2,174) | (2,174) |
| At 31 December 2003 | 1,066 | 28,359 | (923) | 13,570 | 201,945 | 244,017 |

As at 31 December 2003, as restated, and 2004, revaluation reserves represented revaluation surplus (deficit) arising from revaluation to market value of other listed equity investments. Capital redemption reserve of HK\$404 million was included in share premium in all reporting years.

The retained profits of the Group include HK\$15,107 million (2003 – HK\$12,643 million) retained by associated companies and accumulated losses of HK\$1,530 million (2003 – HK\$2,005 million) retained by jointly controlled entities.

Reserves of the Company available for distribution to shareholders as at 31 December 2004 amounted to HK\$36,357 million (2003 – HK\$28,121 million).