

for the year ended 31 December 2004

CONSOLIDATED CASH FLOW STATEMENT

| | 2004 HK\$'000 | 2003 HK\$'000 |
|---|------------------|------------------|
| OPERATING ACTIVITIES | | |
| Profit from operations | 407,854 | 369,780 |
| Adjustments for: | | |
| Decrease in interest receivable and other accounts | 158,981 | 75,957 |
| Increase (decrease) in other accounts and provisions | 6,660 | (118,855) |
| Net losses from disposal of property and equipment | 43 | 2,664 |
| Net gains from disposal of other securities and an associate | (3,863) | (22,192) |
| Provision for impairment loss in respect of other securities | – | 7,809 |
| Decrease in provisions against advances and other accounts | (127,718) | (44,050) |
| Decrease in interest in suspense | (94,672) | (16,217) |
| Dividend income on equity securities | (53,429) | (6,788) |
| Depreciation | 48,974 | 45,586 |
| Interest income on certificates of deposit held | (13,101) | (24,586) |
| Interest income on investment in securities | (87,200) | (65,929) |
| Operating cash flows before movements in working capital | 242,529 | 203,179 |
| Decrease in placements with banks and other financial institutions (with original maturity over three months) | 77,645 | 163,425 |
| Decrease (increase) in bills receivable | 126,369 | (9,776) |
| Increase in trade bills | (20,011) | (14,713) |
| Increase in other advances to customers | (208,627) | (510,241) |
| Decrease in advances to banks and other financial institutions | 157 | 623 |
| Increase in trading securities | (13,694) | (34,975) |
| Increase in deposits from customers | 1,360,041 | 99,338 |
| Exchange adjustments | 953 | (2,567) |
| Cash generated from (used in) operations | 1,565,362 | (105,707) |
| Hong Kong Profits Tax paid | (62,594) | (20,195) |
| Overseas tax paid | (3,602) | (2,438) |
| NET CASH FROM (USED IN) OPERATING ACTIVITIES | 1,499,166 | (128,340) |

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2004

| | Note | 2004 HK\$'000 | 2003 HK\$'000 |
|---|------|-------------------|--------------------|
| INVESTING ACTIVITIES | | | |
| Interest received on certificates of deposit held | | 12,307 | 26,338 |
| Interest received on investments in securities | | 91,709 | 57,002 |
| Dividends received on equity securities | | 53,429 | 6,788 |
| Purchase of held-to-maturity securities | | (2,135,374) | (1,743,536) |
| Purchase of certificates of deposit held | | (744,651) | (356,322) |
| Purchase of other securities | | (98,627) | (27,567) |
| Purchase of property and equipment | | (55,538) | (42,925) |
| Purchase of investment properties | | (16,496) | - |
| Purchase of a subsidiary | 27 | 422 | - |
| Repayment from (advances to) an associate | | 261,817 | (33,825) |
| Repayment from jointly controlled entities | | 630 | 795 |
| Proceeds from disposal of an associate | | 132,000 | - |
| Proceeds from disposal of other securities | | 99,872 | 43,529 |
| Proceeds from redemption of held-to-maturity securities | | 1,851,635 | 196,119 |
| Proceeds from redemption of certificates of deposit held | | 727,543 | 401,683 |
| Proceeds from disposal of property and equipment | | 5,743 | 349 |
| NET CASH FROM (USED IN) INVESTING ACTIVITIES | | 186,421 | (1,471,572) |
| FINANCING ACTIVITY | | | |
| Ordinary dividend paid | | (226,200) | (217,500) |
| CASH USED IN FINANCING ACTIVITY | | (226,200) | (217,500) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | 1,459,387 | (1,817,412) |
| CASH AND CASH EQUIVALENTS AT 1 JANUARY | | 12,132,622 | 13,950,034 |
| CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented | | | |
| Cash and balances with banks and other financial institutions | | 560,601 | 744,527 |
| Money at call and short notice | | 12,548,402 | 10,745,214 |
| Exchange fund bills | | 497,944 | 512,147 |
| Placements with banks and other financial institutions (with original maturity within three months) | | 1,544,695 | 1,166,126 |
| Deposits and balances of banks and other financial institutions (with original maturity within three months) | | (1,559,633) | (1,035,392) |
| | | 13,592,009 | 12,132,622 |