

CONSOLIDATED CASH FLOW STATEMENT

	6 months ended 30 June 2005 HK\$'000	6 months ended 30 June 2004 HK\$'000 (restated)
OPERATING ACTIVITIES		
Profit from operations	226,604	201,561
Adjustments for:		
(Increase) decrease in interest receivable and other accounts	(13,832)	167,115
Increase (decrease) in other accounts and provisions	230,789	(92,700)
Net losses from disposal of property and equipment	800	15
Net gains from disposal of other securities	–	(242)
Net gains from disposal of available-for-sale securities	(22,353)	–
Net gains from disposal of an associate	–	(934)
Decrease in impairment allowance against advances and other accounts	(27,843)	(68,205)
Decrease in interest in suspense	–	(7,939)
Dividend income on equity securities	(53,429)	(19,939)
Depreciation	22,820	20,923
Interest income on certificates of deposit held	(10,843)	–
Interest income on investment in securities	(64,304)	(46,904)
Operating cash flows before movements in working capital	<u>288,409</u>	<u>152,751</u>
(Increase) decrease in placements with banks and other financial institutions (with original maturity over three months)	(155,426)	77,645
(Increase) decrease in bills receivable	(77,696)	58,818
Increase in trade bills	(26,167)	(4,421)
Increase in other advances to customers	(1,679,698)	(542,544)
Decrease (increase) in advances to banks and other financial institutions	685	(5,915)
(Increase) decrease in securities measured at fair value through profit and loss	(228,584)	5,023
Increase (decrease) in deposits from customers	3,766,066	(192,938)
Exchange adjustments	(1,401)	2,587
Cash generated from (used in) operations	<u>1,886,188</u>	<u>(448,994)</u>
Hong Kong profits tax paid	(15,296)	(6,479)
Overseas tax paid	(177)	(1,031)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	<u>1,870,715</u>	<u>(456,504)</u>

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INVESTING ACTIVITIES		
Interest received on certificates of deposit held	7,952	5,403
Interest received on investment in securities	50,021	32,401
Dividends received on equity securities	53,429	19,939
Purchase of held-to-maturity securities	(3,319,602)	(665,676)
Purchase of certificates of deposit held	(459,950)	(152,377)
Purchase of other securities	–	(63,177)
Purchase of available-for-sale securities	(84,715)	–
Purchase of property and equipment	(22,872)	(16,860)
Purchase of a subsidiary	(122,959)	422
Repayment from (advances to) an associate	–	392,878
Proceeds from disposal of an associate	–	939
Proceeds from disposal of other securities	–	73,000
Proceeds from disposal of available-for-sale securities	61,377	–
Proceeds from redemption of held-to-maturity securities	1,021,641	553,733
Proceeds from redemption of certificates of deposit held	541,979	326,770
Proceeds from disposal of property and equipment	2,008	5,803
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES	(2,271,691)	513,198
FINANCING		
Ordinary dividend paid	(174,000)	(152,250)
CASH USED IN FINANCING ACTIVITIES	(174,000)	(152,250)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(574,976)	(95,556)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	13,592,009	12,132,622
CASH AND CASH EQUIVALENTS AT 30 JUNE	13,017,033	12,037,066