

Consolidated Cash Flow Statement

Year ended 31st December, 2005

	Notes	2005 HK\$'000	2004 HK\$'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		213,812	275,866
Adjustments for:			
Interest income, excluding that related to the banking business	5	(34,749)	(35,735)
Dividends received from equity investments	5	(25,304)	(16,803)
Gain on disposal of securities measured at fair value through profit or loss, net	5	(22,361)	–
Gain on disposal of other investments in securities, net	5	–	(40,652)
Fair value gains on securities measured at fair value through profit or loss, net	5	(8,722)	–
Fair value gains on other investments in securities, net	5	–	(31,530)
Fair value gains on transfer of investment securities to other investments in securities	5	–	(7,428)
Gains less losses on disposal of available-for-sale securities	5	(1,843)	–
Gains less losses on disposal of investment securities	5	–	12,343
Gain on disposal or retirement of held-to-maturity securities	5	(1,883)	(1,966)
Impairment loss of available-for-sale securities	5	10,198	–
Impairment loss of held-to-maturity securities and investment securities	5	–	551
Gain on disposal of a jointly-controlled entity	5	–	(2,990)
Gain on disposal of property, plant and equipment	5	–	(3,050)
Impairment allowances on loans and advances and other assets	6	58,112	26,392
Release of impairment allowances on trade bills	6	(431)	(177)
Depreciation charges	6	21,276	24,095
Fair value gains on revaluation of investment properties	6	(5,924)	(950)
Goodwill amortisation on acquisition of an associate	6	–	301
Provision against a loan to a jointly-controlled entity	6	–	2,500
Write-back of impairment allowance against a loan to a jointly-controlled entity	6	(3,500)	(4,433)
Write-off of property, plant and equipment	6	20	311
Amortisation of intangible assets	6	56	56
Impairment loss of intangible assets	6	88	88
Share of profits and losses of jointly-controlled entities		(6,389)	(8,474)
Share of profits and losses of associates		(3,969)	(2,594)
Operating profit before working capital changes		188,487	185,721

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Consolidated Cash Flow Statement (cont'd)

Year ended 31st December, 2005

Notes	2005 HK\$'000	2004 HK\$'000 (Restated)
Operating profit before working capital changes	188,487	185,721
Decrease/(increase) in operating assets:		
Decrease in money at call and short notice with original maturity over three months	217,128	107,079
Decrease/(increase) in treasury bills, including Exchange Fund Bills with original maturity over three months	30,318	(79,865)
Decrease/(increase) in placements with banks and other financial institutions with original maturity over three months	568,483	(10,516)
Decrease in trade bills	19,146	28,913
Decrease in insurance receivables	4,771	6,700
Increase in reinsurance assets	(38,953)	(32,259)
Increase in securities measured at fair value through profit or loss	(9,497)	–
Increase in other investment in securities	–	(35,236)
Increase in derivative receivables	(47,855)	–
Decrease in bank deposits maturing over twelve months	11,362	–
Increase in loans and advances and other assets	(1,257,353)	(670,412)
Increase in held-to-maturity securities with original maturity over three months	(526,968)	(761,386)
Increase in amounts due from associates	(274)	(74)
Increase/(decrease) in operating liabilities:		
Increase in deposits and balances of banks and other financial institutions	373,701	285,601
Increase in deposits from customers	950,147	802,259
Increase in derivative payables	54,524	–
Increase/(decrease) in certificates of deposit issued	398,423	(168,000)
Increase/(decrease) in other liabilities	126,164	(22,907)
Increase/(decrease) in insurance payables	(9,623)	2,031
Increase in insurance contract liabilities	142,206	144,081
Net cash generated from/(used in) operating activities before tax	1,194,337	(218,270)
Hong Kong profits tax paid	(41,800)	(35,973)
Overseas taxes paid	(1,713)	(1,541)
Net cash generated from/(used in) operating activities	1,150,824	(255,784)

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Consolidated Cash Flow Statement (cont'd)

Year ended 31st December, 2005

	Notes	2005 HK\$'000	2004 HK\$'000 (Restated)
Net cash generated from/(used in) operating activities		1,150,824	(255,784)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received, excluding that relating to the banking business	5	34,749	35,735
Dividends received from equity investments	5	25,304	16,803
Dividends received from associates		2,986	324
Dividend received from a jointly-controlled entity		1,050	–
Purchases of securities measured at fair value through profit or loss		(2,475,696)	(1,480,819)
Purchases of available-for-sale securities		(102,500)	(27,746)
Purchases of held-to-maturity securities, excluding held-to-maturity securities relating to the banking business		(10,599)	(715)
Proceeds from disposal of investments, excluding held-to-maturity securities relating to the banking business		2,214,358	1,655,888
Purchases of property, plant and equipment	26	(14,761)	(17,686)
Proceeds from disposal of property, plant and equipment		181	9,489
Capital contribution to an associate		(546)	(408)
Repayment of a loan to a jointly-controlled entity		–	630
Proceeds from disposal of a jointly-controlled entity		–	3,990
Increase in pledged deposits		(3,398)	(4,360)
Net cash generated from/(used in) investing activities		(328,872)	191,125
CASH FLOWS FROM FINANCING ACTIVITY			
Dividends paid		(102,628)	(102,629)
Net cash used in financing activity		(102,628)	(102,629)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		1,937,978	2,105,266
Opening adjustment upon the adoption of HKAS 39 for held-to-maturity securities with original maturities of three months or less		472	–
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,657,774	1,937,978

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Consolidated Cash Flow Statement (cont'd)

Year ended 31st December, 2005

	Notes	2005 HK\$'000	2004 HK\$'000 (Restated)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and balances with banks and other financial institutions	12	246,263	361,749
Money at call and short notice with original maturity within three months		1,978,910	1,370,660
Treasury bills including Exchange Fund Bills with original maturity within three months		19,901	–
Placements with banks and other financial institutions with original maturity within three months		168,896	82,381
Held-to-maturity securities with original maturity within three months		252,629	132,013
Less: Pledged bank deposits (included in money at call and short notice and placements with banks and other financial institutions as presented above)		(8,825)	(8,825)
		2,657,774	1,937,978