

# Consolidated Cash Flow Statement

Year ended 31st December, 2006

	Notes	2006 HK\$'000	2005 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax:			
From continuing operations		<b>449,075</b>	110,675
From a discontinued operation	13	<b>59,669</b>	103,137
Adjustments for:			
Interest income, excluding that related to banking business	6	<b>(113,701)</b>	(34,749)
Dividend income from equity investments	6	<b>(32,960)</b>	(25,304)
Gain on disposal on securities measured at fair value through profit or loss, net	6	<b>(105,341)</b>	(22,361)
Fair value gains on securities measured at fair value through profit or loss, net	6	<b>(191,587)</b>	(8,722)
Gain on disposal of available-for-sale securities	6	<b>(96)</b>	(1,843)
Loss/(gain) on disposal or retirement of held-to-maturity securities	6	<b>266</b>	(1,883)
Impairment loss of available-for-sale securities	6	<b>7,693</b>	10,198
Impairment allowances on loans and advances and other assets	6	<b>91</b>	58,112
Release of impairment allowances on trade bills	6	<b>–</b>	(431)
Depreciation	6	<b>13,179</b>	21,276
Changes in fair value of investment properties	6	<b>(1,620)</b>	(5,924)
Write-back of an impairment allowance against a loan to a jointly-controlled entity	6	<b>(1,000)</b>	(3,500)
Loss on disposal of property, plant and equipment	6	<b>991</b>	–
Impairment loss of property, plant and equipment	6	<b>413</b>	–
Write-off of property, plant and equipment	6	<b>–</b>	20
Amortisation of intangible assets	6	<b>19</b>	56
Impairment loss of intangible assets	6	<b>29</b>	88
Share of profits and losses of jointly-controlled entities		<b>(31,556)</b>	(6,389)
Share of profits and losses of associates		<b>(4,861)</b>	(3,969)
		<b>48,703</b>	188,487

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# Consolidated Cash Flow Statement (cont'd)

Year ended 31st December, 2006

Notes	<b>2006</b> <b>HK\$'000</b>	2005 HK\$'000
Decrease/(increase) in amounts due from associates	<b>876</b>	(274)
Increase in held-to-maturity securities with original maturity over three months	<b>(398,057)</b>	(526,968)
Increase in loans and advances and other assets	<b>(424,741)</b>	(1,257,353)
Decrease/(increase) in securities measured at fair value through profit or loss	<b>40,281</b>	(9,497)
Increase in derivative receivables	<b>(8,546)</b>	(47,855)
Decrease/(increase) in insurance receivables	<b>(13,749)</b>	4,771
Decrease/(increase) in reinsurance assets	<b>40,651</b>	(38,953)
Decrease in bank deposits maturing over twelve months	–	11,362
Decrease/(increase) in trade bills	<b>(53)</b>	19,146
Decrease in time deposits with original maturity over three months	<b>120,770</b>	785,611
Decrease in treasury bills, including Exchange Fund Bills with original maturity over three months	<b>377</b>	30,318
Increase/(decrease) in deposits and balances of banks and other financial institutions	<b>(195,117)</b>	373,701
Increase in deposits from customers	<b>865,527</b>	950,147
Increase/(decrease) in derivative payables	<b>(4,270)</b>	54,524
Increase in certificates of deposits issued	<b>240</b>	398,423
Increase in other liabilities	<b>117,509</b>	126,164
Increase in amounts due to associates	<b>265</b>	–
Decrease in insurance payables	<b>(14,858)</b>	(9,623)
Increase in insurance contract liabilities	<b>34,557</b>	142,206
Cash generated from operations	<b>210,365</b>	1,194,337
Hong Kong profits tax paid	<b>(4,463)</b>	(41,800)
Overseas taxes paid	<b>(814)</b>	(1,713)
Net cash inflow from operating activities	<b>205,088</b>	1,150,824

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# Consolidated Cash Flow Statement (cont'd)

Year ended 31st December, 2006

	Notes	2006 HK\$'000	2005 HK\$'000
Net cash inflow from operating activities		<b>205,088</b>	1,150,824
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		<b>113,701</b>	34,749
Dividends received from investments		<b>32,960</b>	25,304
Dividend received from a jointly-controlled entity	18	<b>1,050</b>	1,050
Dividends received from associates	19	<b>3,715</b>	2,986
Purchases of securities measured at fair value through profit or loss		<b>(4,876,257)</b>	(2,475,696)
Purchases of available-for-sale securities		<b>(123,451)</b>	(102,500)
Purchases of held-to-maturity securities, excluding held-to-maturity securities relating to the banking business		<b>(53,775)</b>	(10,599)
Proceeds from disposal of investments, excluding held-to-maturity securities relating to the banking business		<b>3,585,543</b>	2,214,358
Purchases of property, plant and equipment	14	<b>(124,582)</b>	(14,761)
Proceeds from disposal of property, plant and equipment		<b>3,554</b>	181
Capital contribution to an associate		<b>(683)</b>	(546)
Proceeds from liquidation of an associate		<b>2,964</b>	–
Proceeds from disposal of a discontinued operation	41	<b>1,730,306</b>	–
Increase in pledged deposits		<b>(3,787)</b>	(3,398)
Net cash inflow/(outflow) from investing activities		<b>291,258</b>	(328,872)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		<b>(1,405,054)</b>	(102,628)
Repurchase of shares	30	<b>(16,379)</b>	–
Net cash outflow from financing activities		<b>(1,421,433)</b>	(102,628)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<b>(925,087)</b>	719,324
Cash and cash equivalents at beginning of year		<b>2,657,774</b>	1,938,450
CASH AND CASH EQUIVALENTS AT END OF YEAR		<b>1,732,687</b>	2,657,774

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# Consolidated Cash Flow Statement (cont'd)

Year ended 31st December, 2006

	Notes	<b>2006</b> <b>HK\$'000</b>	2005 HK\$'000
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	29	<b>353,770</b>	246,263
Treasury bills including Exchange Fund Bills		–	19,901
Time deposits with original maturity of less than three months when acquired		<b>1,391,529</b>	2,147,806
Held-to-maturity with original maturity less than three months		–	252,629
Less: Pledged deposits (included in cash and bank balances and time deposits with maturity of less than three months when acquired)	29	<b>(12,612)</b>	(8,825)
		<b>1,732,687</b>	2,657,774