

Consolidated Cash Flow Statement

Year ended 31st December, 2004

	Notes	2004 HK\$'000	2003 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		277,135	230,189
Adjustments for:			
Interest income, excluding that related to the banking business	5	(35,735)	(38,491)
Dividends received from equity investments	5	(16,803)	(11,694)
Gain on disposal of other investments, net	5	(40,652)	(28,355)
Unrealised gains on other investments, net	5	(31,530)	(53,926)
Unrealised gains on transfer of investment securities to other investments	5	(7,428)	–
Gains less losses on disposal of investment securities	5	12,343	(9,749)
Impairment of held-to-maturity securities and investment securities	5	551	135
Gain on disposal of held-to-maturity securities	5	(1,966)	(3,036)
Gain on disposal of a jointly-controlled entity	5	(2,990)	–
Loss/(gain) on disposal of fixed assets	5	(3,050)	5
Depreciation charges	6	24,095	24,936
Surplus on revaluation of investment properties	6	(950)	–
Amortisation of goodwill on acquisition of an associate	6	301	–
Provision against loans to jointly-controlled entities	6	2,500	8,340
Write-back of provision against loans to a jointly-controlled entity	6	(4,433)	–
Fixed assets written off	6	311	79
Amortisation of intangible assets	6	56	144
Impairment of intangible assets	6	88	–
Share of results of jointly-controlled entities		(9,622)	(2,665)
Share of results of associates		(2,715)	(332)
Operating profit before changes in operating assets and liabilities		159,506	115,580

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Consolidated Cash Flow Statement (cont'd)

Year ended 31st December, 2004

	Notes	2004 HK\$'000	2003 HK\$'000
Operating profit before changes in operating assets and liabilities		159,506	115,580
Decrease/(increase) in operating assets:			
Decrease in money at call and short notice with original maturity over three months		107,079	39,733
Decrease/(increase) in treasury bills including Exchange Fund Bills with original maturity over three months		(79,865)	65,518
Increase in placements with banks and other financial institutions with original maturity over three months		(10,516)	(553,655)
Increase in bank deposits maturing over twelve months		–	(1,362)
Decrease in amounts due from reinsurance companies		8,817	21,862
Decrease/(increase) in premium receivables		11,820	(37,646)
Increase in amounts due from associates		(74)	(10)
Increase in certificates of deposit held with original maturity over three months		(271,602)	(433,786)
Increase in held-to-maturity securities with original maturity over three months		(489,784)	(579,300)
Increase in other investment in securities		(35,236)	(21,287)
Decrease/(increase) in advances to customers		(624,121)	411,873
Increase in accrued interest and other assets		(17,378)	(18,026)
Provision for bad and doubtful debts, net	6	26,215	24,711
Increase/(decrease) in operating liabilities:			
Increase/(decrease) in deposits and balances of banks and other financial institutions		285,601	(108,751)
Increase in deposits from customers		802,259	118,441
Increase/(decrease) in certificates of deposit issued		(168,000)	18,000
Increase/(decrease) in accrued liabilities and other payables		(22,907)	25,412
Increase in amounts due to reinsurance companies		2,031	30,314
Increase in unearned premiums	5, 31	6,693	29,159
Increase in life and contingency reserves	5, 32	2,384	1,789
Increase in provisions for outstanding claims		88,808	85,043
Net cash used in operating activities before tax		(218,270)	(766,388)
Hong Kong profits tax paid		(35,973)	(8,277)
Overseas taxes paid		(1,541)	(1,604)
Net cash used in operating activities		(255,784)	(776,269)

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Consolidated Cash Flow Statement (cont'd)

Year ended 31st December, 2004

	Notes	2004 HK\$'000	2003 HK\$'000
Net cash used in operating activities		(255,784)	(776,269)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received, excluding that relating to the banking business	5	35,735	38,491
Dividends received from equity investments	5	16,803	11,694
Dividends received from associates		324	1,768
Purchases of investments, excluding certificates of deposits held and held-to-maturity securities relating to the banking business		(1,509,280)	(1,813,381)
Proceeds from disposal of investments, excluding certificates of deposits held and held-to-maturity securities relating to the banking business		1,655,888	1,388,622
Purchases of fixed assets	24	(17,686)	(12,558)
Proceeds from disposal of fixed assets		9,489	90
Capital contribution to an associate		(408)	(61,044)
Capital contribution from minority shareholders		–	22,790
Repayment of a loan to a jointly-controlled entity		630	795
Proceeds from disposal of a jointly-controlled entity	21	3,990	–
Increase in pledged deposits		(4,360)	(1,053)
Net cash generated from/(used in) investing activities		191,125	(423,786)
CASH FLOWS FROM FINANCING ACTIVITY			
Dividends paid		(102,629)	(43,378)
Net cash used in financing activity		(102,629)	(43,378)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(167,288)	(1,243,433)
Cash and cash equivalents at beginning of year		2,105,266	3,348,699
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,937,978	2,105,266

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Consolidated Cash Flow Statement (cont'd)

Year ended 31st December, 2004

	Notes	2004 HK\$'000	2003 HK\$'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and balances with banks and other financial institutions	12	361,749	454,846
Money at call and short notice with original maturity within three months		1,370,660	1,464,729
Treasury bills including Exchange Fund Bills with original maturity within three months		–	59,962
Placements with banks and other financial institutions with original maturity within three months		82,381	74,918
Held-to-maturity securities with original maturity within three months		132,013	58,173
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)	(7,362)
		1,937,978	2,105,266