

CONSOLIDATED CASH FLOW STATEMENT

	2005 HK\$'000	2004 HK\$'000 (restated)
OPERATING ACTIVITIES		
Profit from operations	465,225	417,936
Adjustments for:		
Net gain on disposal of property and equipment	(1,150)	(4,912)
Net loss on liquidation of a subsidiary	4	–
Net gain on disposal of other securities and an associate	–	(3,863)
Net gain on disposal of available-for-sale securities	(47,534)	–
Impairment allowances/charge for bad and doubtful debts	67,807	51,175
Dividend income on equity securities	(10,243)	(53,429)
Net gain on fair value adjustment on investment properties	(7,500)	–
Depreciation	35,605	38,784
Amortisation of prepaid lease payments for land	5,063	5,063
Interest income from investments in securities and certificates of deposit held	(223,118)	(100,301)
Exchange adjustments	(1,665)	953
Operating cash flows before movements in operating assets and liabilities	282,494	351,406
(Increase) decrease in interest receivable and other accounts	(15,765)	158,981
Increase in other accounts and accruals	33,426	6,660
Decrease in placements with banks and other financial institutions (with original maturity over three months)	–	77,645
Decrease in bills receivable	79,011	121,563
Increase in trade bills	(42,183)	(20,011)
Increase in other advances to customers	(4,155,297)	(382,714)
Decrease in interest in suspense account	–	(94,672)
Decrease in advances to banks and other financial institutions	1,003	157
Increase in trading securities	–	(13,694)
Increase in financial assets at fair value through profit or loss	(111,817)	–
Increase in deposits from customers	7,554,661	1,360,041
Cash generated from operations	3,625,533	1,565,362
Hong Kong Profits Tax paid	(56,549)	(62,594)
Overseas tax paid	(797)	(3,602)
NET CASH GENERATED FROM OPERATING ACTIVITIES	3,568,187	1,499,166

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2005

	Note	2005 HK\$'000	2004 HK\$'000 (restated)
INVESTING ACTIVITIES			
Interest received on investments in securities		146,285	104,016
Dividends received on equity securities		10,243	53,429
Purchase of held-to-maturity securities		(7,120,470)	(2,135,374)
Purchase of certificates of deposit held		(1,299,334)	(744,651)
Purchase of other securities		–	(98,627)
Purchase of available-for-sale securities		(191,591)	–
Purchase of property and equipment		(44,633)	(55,538)
Purchase of investment properties		–	(16,496)
Purchase of a subsidiary	28	(122,959)	422
Repayment from an associate		–	261,817
Cash outflow on liquidation of a subsidiary	29	(46)	–
Repayment from jointly controlled entities		–	630
Proceeds from disposal of an associate		–	132,000
Proceeds from disposal of other securities		–	99,872
Proceeds from redemption of held-to-maturity securities		2,557,083	1,851,635
Proceeds from sale and redemption of available-for-sale securities		69,785	–
Proceeds from redemption of certificates of deposit held		647,934	727,543
Proceeds from disposal of property and equipment		4,198	5,743
NET CASH (USED IN) GENERATED FROM INVESTING ACTIVITIES		(5,343,505)	186,421
CASH USED IN FINANCING ACTIVITY			
Dividends paid		(252,300)	(226,200)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(2,027,618)	1,459,387
CASH AND CASH EQUIVALENTS AT 1 JANUARY		13,592,009	12,132,622
CASH AND CASH EQUIVALENTS AT 31 DECEMBER represented by			
Cash and balances with banks and other financial institutions		1,010,669	560,601
Money at call and short notice		10,301,297	12,548,402
Exchange fund bills		486,513	497,944
Placements with banks and other financial institutions maturing between one and twelve months (with original maturity within three months)		2,029,416	1,544,695
Deposits and balances of banks and other financial institutions (with original maturity within three months)		(2,263,504)	(1,559,633)
		11,564,391	13,592,009