

for the year ended 31 December 2004

CONSOLIDATED CASH FLOW STATEMENT

	2004 HK\$'000	2003 HK\$'000
OPERATING ACTIVITIES		
Profit from operations	407,854	369,780
Adjustments for:		
Decrease in interest receivable and other accounts	158,981	75,957
Increase (decrease) in other accounts and provisions	6,660	(118,855)
Net losses from disposal of property and equipment	43	2,664
Net gains from disposal of other securities and an associate	(3,863)	(22,192)
Provision for impairment loss in respect of other securities	–	7,809
Decrease in provisions against advances and other accounts	(127,718)	(44,050)
Decrease in interest in suspense	(94,672)	(16,217)
Dividend income on equity securities	(53,429)	(6,788)
Depreciation	48,974	45,586
Interest income on certificates of deposit held	(13,101)	(24,586)
Interest income on investment in securities	(87,200)	(65,929)
Operating cash flows before movements in working capital	242,529	203,179
Decrease in placements with banks and other financial institutions (with original maturity over three months)	77,645	163,425
Decrease (increase) in bills receivable	126,369	(9,776)
Increase in trade bills	(20,011)	(14,713)
Increase in other advances to customers	(208,627)	(510,241)
Decrease in advances to banks and other financial institutions	157	623
Increase in trading securities	(13,694)	(34,975)
Increase in deposits from customers	1,360,041	99,338
Exchange adjustments	953	(2,567)
Cash generated from (used in) operations	1,565,362	(105,707)
Hong Kong Profits Tax paid	(62,594)	(20,195)
Overseas tax paid	(3,602)	(2,438)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	1,499,166	(128,340)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2004

	Note	2004 HK\$'000	2003 HK\$'000
INVESTING ACTIVITIES			
Interest received on certificates of deposit held		12,307	26,338
Interest received on investments in securities		91,709	57,002
Dividends received on equity securities		53,429	6,788
Purchase of held-to-maturity securities		(2,135,374)	(1,743,536)
Purchase of certificates of deposit held		(744,651)	(356,322)
Purchase of other securities		(98,627)	(27,567)
Purchase of property and equipment		(55,538)	(42,925)
Purchase of investment properties		(16,496)	-
Purchase of a subsidiary	27	422	-
Repayment from (advances to) an associate		261,817	(33,825)
Repayment from jointly controlled entities		630	795
Proceeds from disposal of an associate		132,000	-
Proceeds from disposal of other securities		99,872	43,529
Proceeds from redemption of held-to-maturity securities		1,851,635	196,119
Proceeds from redemption of certificates of deposit held		727,543	401,683
Proceeds from disposal of property and equipment		5,743	349
NET CASH FROM (USED IN) INVESTING ACTIVITIES		186,421	(1,471,572)
FINANCING ACTIVITY			
Ordinary dividend paid		(226,200)	(217,500)
CASH USED IN FINANCING ACTIVITY		(226,200)	(217,500)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,459,387	(1,817,412)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		12,132,622	13,950,034
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented			
Cash and balances with banks and other financial institutions		560,601	744,527
Money at call and short notice		12,548,402	10,745,214
Exchange fund bills		497,944	512,147
Placements with banks and other financial institutions (with original maturity within three months)		1,544,695	1,166,126
Deposits and balances of banks and other financial institutions (with original maturity within three months)		(1,559,633)	(1,035,392)
		13,592,009	12,132,622