

Consolidated cash flow statement

Year ended 31 December 2004

	Notes	2004 HK\$'000	2003 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		213,886	225,856
Adjustments for:			
Depreciation	7	14,985	17,789
(Gain)/loss on disposal of fixed assets	7	(99)	6,868
Finance costs	6	1,805	—
Interest income on policy loans and loans to officers, employees and agents	4	(19,849)	(21,819)
Interest income from listed and unlisted investments	4	(176,507)	(171,060)
Dividend income from listed and unlisted investments	4	(19,441)	(7,668)
Net realised and unrealised capital gains on investments	4	(221,551)	(300,333)
Operating loss before working capital changes		(206,771)	(250,367)
Increase in policy loans		(21,305)	(30,129)
Decrease in loans to officers, employees and agents		37,247	24,186
Decrease in deferred acquisition costs		93,877	104,245
(Increase)/decrease in premiums receivable		(15,802)	5,469
(Increase)/decrease in prepayments and other debtors		(3,481)	45,974
Purchases of investments		(4,855,175)	(4,359,838)
Proceeds from disposal of investments		4,000,535	3,724,578
Increase in time deposits with original maturity of more than three months when acquired		(10)	(23)
Decrease in claims payable		(5,760)	(14,180)
Increase in premium deposits		5,252	46,787
Increase in accrued expenses and other creditors		49,021	46,644
Decrease in other insurance liabilities		—	(9,670)
(Decrease)/increase in amounts due to related companies		(1,185)	778
Increase in future insurance liabilities		735,993	414,115
Increase in policyholders' dividends and bonuses		101,448	46,457
Cash used in operations		(86,116)	(204,974)
Interest received from policy loans and loans to officers, employees and agents		19,849	21,819
Interests received from listed and unlisted investments		158,977	188,885
Dividends received from listed and unlisted investments		18,196	7,034
Hong Kong profits tax paid		(3,299)	(2,648)
Overseas tax paid		—	(99)
Dividends paid		(49,281)	(8,222)
Net cash inflow from operating activities		58,326	1,795

Consolidated cash flow statement *(continued)*

Year ended 31 December 2004

	Notes	2004 HK\$'000	2003 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets	15	(9,943)	(11,399)
Proceeds from disposal of fixed assets		165	141
Net cash outflow from investing activities		(9,778)	(11,258)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		5,904	—
Repurchase of shares		(9,083)	(1,316)
Proceeds from issue of bonds		767,186	—
Net cash inflow/(outflow) from financing activities		764,007	(1,316)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as at beginning of year		486,911	497,690
CASH AND CASH EQUIVALENTS AS AT END OF YEAR			
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	1,072,041	310,111
Non-pledged time deposits with original maturity of less than three months when acquired		227,425	176,800
		1,299,466	486,911