

Consolidated cash flow statement

Year ended 31 December 2005

	Notes	2005 HK\$'000	2004 HK\$'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax:			
From continuing operations		58,866	206,440
From a discontinued operation		661	(566)
Adjustments for:			
Finance costs	7	45,346	1,805
Depreciation from property, plant and equipment	8	16,118	14,985
Depreciation from investment properties	8	291	—
Gain on disposal of items of property, plant and equipment	8	(88)	(99)
Interest income on policy loans and loans to employees and agents	4	(23,409)	(19,849)
Interest income from quoted bonds and deposits	4, 13	(181,112)	(176,507)
Dividend income from listed and unlisted investments	4	(31,332)	(19,441)
Net realised and unrealised capital gains on embedded derivatives and financial assets at fair value through profit and loss	4,13	(36,988)	(221,942)
Fair value gains, net:			
Available-for-sale financial assets (transfer from equity)	4	(41,408)	—
Equity-settled share option expense	8	8,951	8,012
Operating loss before working capital changes		(184,104)	(207,162)
Increase in policy loans		(25,020)	(21,305)
(Increase)/decrease in loans to employees and agents		(12,774)	37,247
(Increase)/decrease in reinsurance assets		5	(27)
(Increase)/decrease in deferred acquisition costs		(14,497)	93,877
Increase in premiums receivable		(14,420)	(15,802)
Increase in prepayments and other debtors		(78,249)	(3,481)
Purchases of available-for-sale financial assets		(5,782,987)	(4,796,305)
Proceeds from disposal of available-for-sale financial assets		5,410,534	3,962,120
Purchases of financial assets at fair value through profit and loss		(89,435)	(58,870)
Proceeds from disposal of financial assets at fair value through profit and loss		15,961	38,414
Increase in time deposits with original maturity of more than three months when acquired		(23)	(10)
Decrease in claims payable		(6,689)	(5,760)
Increase/(decrease) in premium deposits		(8,063)	5,252
Increase in other payables and accruals		10,185	49,021
Increase/(decrease) in amounts due to related companies		313	(1,185)
Increase in future insurance liabilities under investment contracts		85,742	226,674
Increase in future insurance liabilities under insurance contracts		643,531	509,346
Increase in policyholders' dividends and bonuses		103,351	101,448
Increase in derivative financial instruments		(10,167)	—
Cash generated from/(used in) operations		43,194	(86,508)

Year ended 31 December 2005

	Notes	2005 HK\$'000	2004 HK\$'000 (Restated)
Cash generated from/(used in) operations		43,194	(86,508)
Interest received from policy loans and loans to employees and agents		23,409	19,849
Interests received from quoted bonds and deposits		195,350	159,168
Dividends received from listed and unlisted investments		30,229	18,397
Interest paid on interest-bearing loans		(46,197)	—
Hong Kong profits tax paid		(13,846)	(3,299)
Net cash inflow from operating activities		232,139	107,607
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	17	(20,096)	(9,943)
Proceeds from disposal of items of property, plant and equipment		302	165
Increase in pledged time deposits		(15,751)	—
Net cash outflow from investing activities		(35,545)	(9,778)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	39(b)	6,212	5,904
Repurchase of shares	39(a)	(18,034)	(9,083)
Proceeds from issue of bonds		—	767,186
Dividends paid		(90,307)	(49,281)
Net cash (outflow)/inflow from financing activities		(102,129)	714,726
NET INCREASE IN CASH AND CASH EQUIVALENTS		94,465	812,555
Cash and cash equivalents at beginning of year		1,299,466	486,911
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,393,931	1,299,466
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	28	1,126,133	1,072,041
Non-pledged time deposits with original maturity of less than three months when acquired	28	231,551	227,425
Cash and short term deposits attributable to a discontinued operation	13	36,247	—
		1,393,931	1,299,466