

Notes to Financial Statements

31 December 2000

27. Reserves

GROUP

	Share premium HK\$'000	Contributed surplus (Note (i)) HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000
At 1 January 1999				
As previously reported	—	160,400	(144,786)	15,614
Prior year adjustments, net (note 11)	—	—	578,673	578,673
As restated	—	160,400	433,887	594,287
Issue of shares	471,240	—	—	471,240
Capitalisation issue of shares	(260,000)	—	—	(260,000)
Share issue expenses	(43,360)	—	—	(43,360)
Net profit for the year				
As previously reported	—	—	75,622	75,622
Prior year adjustments, net (note 11)	—	—	156,461	156,461
As restated	—	—	232,083	232,083
At 31 December 1999 and 1 January 2000				
Net profit for the year	167,880	160,400	665,970	994,250
Net profit for the year	—	—	154,274	154,274
At 31 December 2000	167,880	160,400	820,244	1,148,524

27. Reserves (Continued)

COMPANY

	Share premium HK\$'000	Contributed surplus (Note (ii)) HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000
Arising on acquisition of Bright Victory International Limited	—	15,714	—	15,714
Applied in payment of 100,000 shares allotted and issued nil paid on incorporation	—	(100)	—	(100)
Issue of shares	471,240	—	—	471,240
Capitalisation issue of shares	(260,000)	—	—	(260,000)
Share issue expenses	(43,360)	—	—	(43,360)
Net profit for the year	—	—	2,418	2,418
At 31 December 1999 and 1 January 2000	167,880	15,614	2,418	185,912
Net loss for the year	—	—	(4,091)	(4,091)
At 31 December 2000	167,880	15,614	(1,673)	181,821

Notes:

- (i) The contributed surplus of the Group represents the difference between the nominal value of the shares and the share premium account of the Group's then holding company acquired pursuant to the group reorganisation in 1999 over the nominal value of the Company's shares issued in exchange therefor.
- (ii) The contributed surplus of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the group reorganisation in 1999, over the nominal value of the Company's shares issued in exchange therefor. Under the Companies Act 1981 of Bermuda (as amended), the Company may make distributions to its members out of the contributed surplus under certain circumstances.

As at 31 December 2000, the Company had distributable reserves amounting to HK\$13,941,000 (1999: HK\$18,032,000).

Notes to Financial Statements

31 December 2000

28. Notes to the Consolidated Cash Flow Statement

(a) Reconciliation of operating profit before tax to net cash inflow from operating activities.

	Group	
	2000 HK\$'000	1999 HK\$'000 (restated Note 11)
Operating profit before tax	153,679	232,035
Depreciation	21,803	24,521
Loss on disposal of fixed assets	2,012	1,391
Interest income on policy loans	(9,991)	(6,567)
Interest income on loans to officers, employees and agents	(23,392)	(26,082)
Interest income on subscription of new shares	—	(2,280)
Interest and dividend income from listed and unlisted investments	(143,104)	(102,897)
Realised and unrealised capital gains on investments	(31,034)	(95,990)
Decrease/(increase) in prepayments and other debtors	(76,670)	12,196
Increase in deferred acquisition costs	(181,028)	(169,432)
Increase in premiums receivable	(7,644)	(1,057)
Increase in claims payable	523	7,738
Increase in premium deposits, and accrued expenses and other creditors	123,353	12,382
Increase in other insurance liabilities	4,765	2,104
Increase in future insurance liabilities	488,972	404,921
Increase in policyholders' dividends and bonuses	100,260	70,544
Increase/(decrease) in amounts due to related companies	5,479	(2,619)
Decrease in an amount due to the holding company	—	(1,554)
Net cash inflow from operating activities	427,983	359,354