

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2002

(Expressed in Hong Kong dollars)

	Note	2002 \$	2001 \$
<b>Operating activities</b>			
Profit from ordinary activities before taxation		36,176,369	255,484,706
Adjustments for:			
— Depreciation		8,325,241	2,730,442
— Deficit on revaluation of investment properties		4,591,720	7,920,280
— Amortisation of goodwill		18,530,970	3,108,078
— Amortisation of discounts of dated debt securities		(7,110,734)	(11,027,011)
— Finance costs		3,160,552	405,812
— Dividend income from investments in securities		(5,674,360)	(5,544,662)
— Interest income		(138,909,530)	(92,211,047)
— Share of losses less profits of associates		29,259,743	2,147,399
— Net loss on sale of fixed assets		392,425	20,602
— Net realised and unrealised losses/(gains) on listed and unlisted securities		41,868,685	(201,624,621)
— Provision for diminution in value of listed securities		15,919,986	—
— Provision for diminution in value of unlisted securities		2,332,044	—
— Write back of provision for diminution in value of unlisted securities		(2,817,000)	—
— Foreign exchange losses/(gains)		2,353,061	(1,256,813)
<b>Operating profit/(loss) before changes in working capital</b>		<b>8,399,172</b>	<b>(39,846,835)</b>
— (Increase)/decrease in trade and other receivables		(80,730,314)	47,645,123
— Increase in trade and other payables		87,985,982	59,650,334
— Increase in amounts due from group companies		(5,432,564)	(934,975)
— (Decrease)/increase in amounts due to group companies		(5,906,950)	23,166,516
— Decrease in provision for outstanding claims		(56,176,907)	(10,081,336)
— Increase in life insurance funds		1,405,101,966	749,919
— Increase in insurance funds		231,394,122	69,076,488
— Increase in insurance protection fund		242,041	—
<b>Cash generated from operations</b>		<b>1,584,876,548</b>	<b>149,425,234</b>

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2002 (Continued)

(Expressed in Hong Kong dollars)

	Note	2002 \$	2001 \$
Tax paid			
— Hong Kong Profits Tax paid		(9,559,156)	(1,789,536)
— Overseas tax paid		(427,857)	(61,276)
<b>Net cash from operating activities</b>		<b>1,574,889,535</b>	<b>147,574,422</b>
<b>Investing activities</b>			
Payment for purchase of fixed assets		(101,640,724)	(13,089,961)
Proceeds from sales of fixed assets		54,715	63,669
Advance to an unconsolidated subsidiary		—	(18,227,439)
Increase in pledged deposits at bank		(16,137,620)	(31,898,235)
Increase in deposits at bank with original maturity more than three months		(566,997,990)	(99,406,736)
Payment for purchase of held-to-maturity securities		(1,096,612,461)	(411,506,768)
Proceeds from sales of held-to-maturity securities		244,105,682	236,720,378
Increase in securities purchased under resale agreement		(448,797,320)	—
Increase in securities sold under repurchase agreement		380,781,913	—
Net (payment)/receipt for the purchase of a subsidiary	34(a)	(166,796,835)	242,532,382
Payment for purchase of other investments		(405,101,245)	(389,716,632)
Proceeds from sales of other investments		229,694,911	531,789,680
Receipts from repayment of mortgage and staff loans		106,864	7,560
Decrease in loans and advances		18,418,686	1,311,517
Receipts from repayment of advance to an unconsolidated subsidiary		88,699,137	—
Payment for purchase of associates	34(b)	—	(50,048,636)
Interest received		122,520,423	92,207,771
Dividend received from investments in securities		5,674,360	5,544,662
<b>Net cash (used in)/from investing activities</b>		<b>(1,712,027,504)</b>	<b>96,283,212</b>

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2002 (Continued)

(Expressed in Hong Kong dollars)

	Note	2002 \$	2001 \$
<b>Financing activities</b>			
Proceeds from shares issued		1,448,050	683,301,098
Interest paid		(3,160,552)	(405,812)
Dividends paid		(64,442,280)	(51,392,870)
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<b>Net cash (used in)/from financing activities</b>		<b>(66,154,782)</b>	631,502,416
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<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(203,292,751)</b>	875,360,050
<b>Cash and cash equivalents at 1 January</b>		<b>1,314,912,616</b>	439,552,566
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<b>Cash and cash equivalents at 31 December</b>		<b>1,111,619,865</b>	1,314,912,616
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The notes on pages 44 to 99 form part of these financial statements.