

# consolidated cash flow statement

Year ended 31 December 2002

	Note	2002 HK\$'000	2001 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating profit before tax		128,551	157,161
Adjustments for:			
Depreciation		24,080	24,583
Loss on disposal of fixed assets		4,257	2,346
Provision for amount due from an associate	16	4,485	9,039
Interest income on policy loans		(13,718)	(13,501)
Interest income on loans to officers, employees and agents		(6,213)	(14,996)
Interest and dividend income from listed and unlisted investments		(152,005)	(151,735)
Realised and unrealised capital gains on investments		(153,647)	(15,421)
Operating profit before working capital changes		(164,210)	(2,524)
(Increase)/decrease in policy loans		(17,449)	2,137
Decrease in loans to officers, employees and agents		34,622	92,628
Decrease/(increase) in deferred acquisition costs		165,900	(32,488)
Decrease/(increase) in premiums receivable		34,244	(35,831)
Decrease/(increase) in prepayments and other debtors		35,114	(42,023)
Purchases of investments		(3,908,517)	(4,560,248)
Proceeds from disposal of investments		3,417,828	3,044,272
Increase in time deposits with original maturity of more than three months when acquired		(21)	(98)
Increase/(decrease) in claims payable		6,366	(758)
(Decrease)/increase in premium deposits		(5,532)	6,835
Decrease in accrued expenses and other creditors		(48,559)	(85,334)
Decrease in other insurance liabilities		(36,089)	(2,409)
Decrease in amounts due to related companies		(5,112)	(5,124)
Increase in future insurance liabilities		150,409	396,743
Increase in policyholders' dividends and bonuses		8,970	84,316
Cash used in operations		(332,036)	(1,139,906)
Interest received from policy loans and loans to officers, employees and agents		19,931	28,497
Interest and dividends received from listed and unlisted investments		149,341	126,817
Hong Kong profits tax paid		(2,052)	—
Overseas tax paid		(47)	(53)
Net cash outflow from operating activities		(164,863)	(984,645)

## consolidated cash flow statement (continued)

Year ended 31 December 2002

	Note	2002 HK\$'000	2001 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed assets		(13,105)	(6,750)
Proceeds from disposal of fixed assets		25	—
Repayment from an associate		8,996	5,616
Net cash outflow from investing activities		(4,084)	(1,134)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repurchase of shares		(8,245)	—
NET DECREASE IN CASH AND CASH EQUIVALENTS		(177,192)	(985,779)
Cash and cash equivalents at beginning of year		674,882	1,660,661
Cash and cash equivalents at end of year		497,690	674,882
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	341,073	336,863
Non-pledged time deposits with original maturity of less than three months when acquired		156,617	338,019
		497,690	674,882