

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2003

(Expressed in Hong Kong dollars)

	Note	2003 \$'000	2002 restated \$'000
Operating activities			
Profit from ordinary activities before taxation		82,280	103,267
Adjustments for:			
— Depreciation		17,021	8,325
— Deficit on revaluation of investment properties		5,523	4,592
— Amortisation of goodwill		27,767	18,531
— Amortisation of premiums/(discounts) of dated debt securities		1,756	(7,111)
— Amortisation of discounts of interest-bearing notes		170	—
— Finance costs		19,838	3,161
— Dividend income from investments in securities		(12,159)	(5,674)
— Interest income		(219,257)	(138,909)
— Share of losses less profits of associates		60,374	29,260
— Net loss on sale of fixed assets		21	392
— Net realised and unrealised (gains)/losses on listed and unlisted securities		(162,555)	41,869
— Provision for diminution in value of listed securities		10,526	15,920
— Provision for diminution in value of unlisted securities		—	2,332
— Write back of provision for diminution in value of unlisted securities		(2,321)	(2,817)
— Foreign exchange losses		4,934	2,353
Operating (loss)/profit before changes in working capital		(166,082)	75,491
Decrease/(increase) in trade and other receivables		36,158	(80,615)
Increase in trade and other payables		165,508	87,986
Decrease/(increase) in amounts due from group companies		2,875	(5,432)
Decrease in amounts due to group companies		(48,302)	(5,907)
Increase in provision for outstanding claims		224,930	104,021
Increase in life insurance funds		2,710,679	1,405,102
(Decrease)/increase in insurance funds		(41,235)	3,989
Increase in insurance protection fund		761	242
Cash generated from operations		2,885,292	1,584,877

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2003 (Continued)

(Expressed in Hong Kong dollars)

	Note	2003 \$'000	2002 restated \$'000
Tax paid			
— Hong Kong Profits Tax paid		(18,781)	(9,559)
— Tax paid outside Hong Kong		(108)	(428)
Net cash from operating activities		2,866,403	1,574,890
Investing activities			
Payment for purchase of fixed assets		(49,933)	(101,641)
Proceeds from sales of fixed assets		65	55
Increase in pledged deposits at bank		(5,045)	(16,138)
Increase in deposits at bank with original maturity more than three months		(14,276)	(566,998)
Payment for purchase of held-to-maturity securities		(3,885,330)	(1,096,612)
Proceeds from sale of held-to-maturity securities		757,900	244,106
Decrease/(increase) in securities purchased under resale agreements		300,520	(448,797)
Net payment for purchase of a subsidiary	37	—	(166,797)
Payment for purchase of other investments		(1,541,058)	(405,101)
Proceeds from sales of other investments		740,198	229,695
Receipts from repayment of mortgage and staff loans		—	107
(Increase)/decrease in loans and advances		(4,141)	18,418
Receipts from repayment of advance to an unconsolidated subsidiary		—	88,699
Interest received		186,117	122,520
Dividend received from investments in securities		12,159	5,674
Net cash used in investing activities		(3,502,824)	(2,092,810)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2003 (Continued)

(Expressed in Hong Kong dollars)

	Note	2003 \$'000	2002 restated \$'000
Financing activities			
Proceeds from shares issued		3,459	1,448
Proceeds from interest-bearing notes issued		1,348,407	—
Capital contributed from minority interests of a subsidiary		235,702	—
(Decrease)/increase in securities sold under repurchase agreements		(380,782)	380,782
Interest paid		(4,696)	(3,161)
Dividends paid		(35,824)	(64,442)
Net cash from financing activities		<u>1,166,266</u>	<u>314,627</u>
Net increase/(decrease) in cash and cash equivalents		529,845	(203,293)
Cash and cash equivalents at 1 January		<u>1,111,620</u>	<u>1,314,913</u>
Cash and cash equivalents at 31 December		<u>1,641,465</u>	<u>1,111,620</u>

The notes on pages 48 to 111 form part of these financial statements.