

Consolidated cash flow statement

Year ended 31 December 2006

	Notes	2006 HK\$'000	2005 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:			
From continuing operations		339,054	58,866
From a discontinued operation		715	661
Adjustments for:			
Finance costs	7	44,100	45,346
Depreciation from property, plant and equipment	8	16,842	16,118
Depreciation from investment properties	8	290	291
Gain on disposal of items of property, plant and equipment	8	(15,248)	(88)
Interest income from policy loans and loans to employees and agents	4	(26,362)	(23,409)
Interest income from quoted bonds and deposits	4, 13	(239,402)	(181,112)
Dividend income from listed and unlisted investments	4	(38,175)	(31,332)
Net realised and unrealised capital gains on embedded derivatives and financial assets at fair value through profit or loss	4, 13	(314,703)	(36,988)
Fair value gains, net:			
Available-for-sale financial assets (transfer from equity)	4	(256,753)	(41,408)
Impairment loss of an available-for-sale financial asset (transfer from equity)	4	7,870	—
Equity-settled share option expenses	8	3,888	8,951
		(477,884)	(184,104)
Increase in policy loans		(20,537)	(25,020)
(Increase)/decrease in loans to employees and agents		974	(12,774)
Decrease in reinsurance assets		36	5
Increase in deferred acquisition costs		(120,885)	(14,497)
(Increase)/decrease in premiums receivable		18,500	(14,420)
Increase in prepayments, deposits and other debtors		(45,281)	(78,249)
Purchases of available-for-sale financial assets		(5,160,609)	(5,782,987)
Proceeds from disposal of available-for-sale financial assets		6,835,358	5,410,534
Purchases of financial assets at fair value through profit or loss		(1,650,444)	(89,435)
Proceeds from disposal of financial assets at fair value through profit or loss		359,190	15,961
Increase in time deposits with original maturity of more than three months when acquired		(92)	(23)
Decrease in payable to policyholders		(3,942)	(14,752)
Increase in other payables and accruals		103,112	10,185
Increase in amounts due to related companies		1,736	313
Increase in investment contract liabilities		258,308	85,742
Increase in insurance contract liabilities		753,289	643,531
Increase in policyholders' dividends and bonuses		142,836	103,351
(Increase)/decrease in derivative financial instruments		1,788	(10,167)
Cash generated from operations		995,453	43,194

	Notes	2006 HK\$'000	2005 HK\$'000
Cash generated from operations		995,453	43,194
Interest received from policy loans and loans to employees and agents		26,362	23,409
Interest received from quoted bonds and deposits		236,979	195,350
Interest received from currency swap agreement		2,306	—
Dividends received from listed and unlisted investments		37,851	30,229
Interest paid on interest-bearing loans		(45,620)	(46,197)
Hong Kong profits tax paid		(12,831)	(13,846)
Net cash inflow from operating activities		1,240,500	232,139
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	17	(42,348)	(20,096)
Deposits paid for acquisition of an investment property	27	(147,230)	—
Proceeds from disposal of items of property, plant and equipment		197,979	302
Increase in pledged deposits		(18,762)	(15,751)
Net cash outflow from investing activities		(10,361)	(35,545)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	40(b)	30,694	6,212
Repurchase of shares	40(a)	(65,608)	(18,034)
Dividends paid		(57,072)	(90,307)
Net cash outflow from financing activities		(91,986)	(102,129)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		1,393,931	1,299,466
CASH AND CASH EQUIVALENTS AT END OF YEAR			
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	28	534,570	1,126,133
Non-pledged time deposits with original maturity of less than three months when acquired	28	1,959,539	231,551
Cash and cash equivalents attributable to a discontinued operation	13	37,975	36,247
		2,532,084	1,393,931