

# Consolidated Cash Flow Statement

Year ended 31st December, 2003

	Notes	2003 HK\$'000	2002 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>230,189</b>	59,105
Adjustments for:			
Interest income, excluding that related to the banking business	5	<b>(38,491)</b>	(31,778)
Dividends received from equity investments	5	<b>(11,694)</b>	(7,483)
Gain on disposal of other investments, net	5	<b>(28,355)</b>	(88)
Unrealised (gains)/losses on other investments, net	5	<b>(53,926)</b>	19,530
Gains less losses on disposal of investment securities	5	<b>(9,749)</b>	(437)
Impairment of held-to maturity securities and investment securities	5	<b>135</b>	1,091
Gain on disposal of held-to-maturity securities	5	<b>(3,036)</b>	(7,455)
Guaranteed return to a retirement scheme	5	–	1,800
Gain on disposal of subsidiaries	5	–	(441)
Loss on disposal of fixed assets	5	<b>5</b>	24
Depreciation charges	6	<b>24,936</b>	27,428
Revaluation deficit on investment properties	6	–	943
Provisions against advances to jointly-controlled entities	6	<b>8,340</b>	5,593
Fixed assets written off	6	<b>79</b>	1,392
Amortisation of intangible assets	6	<b>144</b>	143
Reversal of impairment of other assets	6	–	(480)
Share of results of jointly-controlled entities		<b>(2,665)</b>	2,825
Share of results of associates		<b>(332)</b>	(1,620)
Operating profit before changes in operating assets and liabilities		<b>115,580</b>	70,092

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# Consolidated Cash Flow Statement (cont'd)

Year ended 31st December, 2003

	Notes	2003 HK\$'000	2002 HK\$'000
Operating profit before changes in operating assets and liabilities		115,580	70,092
Decrease/(increase) in operating assets:			
Decrease/(increase) in money at call and short notice with original maturity over three months		39,733	(456,882)
Decrease/(increase) in treasury bills including Exchange Fund Bills with original maturity over three months		65,518	(25,876)
Increase in placements with banks and other financial institutions with original maturity over three months		(553,655)	(18,799)
Increase in bank deposits maturing over twelve months		(1,362)	(10,000)
Decrease/(increase) in amounts due from reinsurance companies		21,862	(17,286)
Increase in premium receivables		(37,646)	(17,320)
Decrease/(increase) in amounts due from associates		(10)	357
Increase in certificates of deposit held with original maturity over three months		(433,786)	(60,766)
Increase in held-to-maturity securities with original maturity over three months		(579,300)	(135,725)
Increase in other investments		(21,287)	–
Decrease in advances to customers		411,873	169,735
Decrease/(increase) in accrued interest and other assets		(18,026)	27,487
Provision for bad and doubtful debts	6	24,711	54,552
Increase/(decrease) in operating liabilities:			
Increase/(decrease) in deposits and balances of banks and other financial institutions		(108,751)	161,300
Increase/(decrease) in deposits from customers		118,441	(640,426)
Increase/(decrease) in certificates of deposit issued		18,000	(25,000)
Increase in accrued liabilities and other payables		25,412	13,382
Increase in amounts due to reinsurance companies		30,314	31,668
Increase in unearned premiums		29,159	37,511
Increase in life and contingency reserves		1,789	1,464
Increase in provisions for outstanding claims		85,043	21,988
Net cash used in operating activities before tax		(766,388)	(818,544)
Hong Kong profits tax paid		(8,277)	(7,643)
Overseas taxes paid		(1,604)	(1,834)
Net cash used in operating activities		(776,269)	(828,021)

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# Consolidated Cash Flow Statement (cont'd)

Year ended 31st December, 2003

	Notes	2003 HK\$'000	2002 HK\$'000
Net cash used in operating activities		<b>(776,269)</b>	(828,021)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received, excluding that relating to the banking business	5	<b>38,491</b>	31,778
Dividends received from equity investments	5	<b>11,694</b>	7,483
Dividends received from associates		<b>1,768</b>	975
Purchases of investments, excluding certificates of deposits held and held-to-maturity securities relating to the banking business		<b>(1,813,381)</b>	(1,241,280)
Proceeds from disposal of investments, excluding certificates of deposits held and held-to-maturity securities relating to the banking business		<b>1,388,622</b>	896,209
Purchases of fixed assets	24	<b>(12,558)</b>	(12,329)
Proceeds from disposal of fixed assets		<b>90</b>	576
Disposal of subsidiaries	35	<b>–</b>	(2,573)
Capital contribution to an associate		<b>(61,044)</b>	–
Loans to jointly-controlled entities		<b>–</b>	(4,000)
Capital contribution from minority shareholders		<b>22,790</b>	–
Repayment of a loan to a jointly-controlled entity		<b>795</b>	1,125
Return of capital from an associate		<b>–</b>	300
Proceeds from partial disposal of an associate		<b>–</b>	90
Increase in pledged deposits		<b>(1,053)</b>	(16,805)
Net cash used in investing activities		<b>(423,786)</b>	(338,451)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		<b>(43,378)</b>	(23,276)
Net cash used in financing activities		<b>(43,378)</b>	(23,276)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(1,243,433)</b>	(1,189,748)
Cash and cash equivalents at beginning of year		<b>3,348,699</b>	4,538,447
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>2,105,266</b>	3,348,699

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# Consolidated Cash Flow Statement (cont'd)

Year ended 31st December, 2003

	Notes	<b>2003</b> <b>HK\$'000</b>	2002 HK\$'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and balances with banks and other financial institutions	12	<b>454,846</b>	145,950
Money at call and short notice with original maturity within three months		<b>1,464,729</b>	2,458,193
Treasury bills including Exchange Fund Bills with original maturity within three months		<b>59,962</b>	49,864
Placements with banks and other financial institutions with original maturity within three months		<b>74,918</b>	547,526
Held-to-maturity securities with original maturity within three months		<b>58,173</b>	148,676
Less: Pledged bank deposits (included in the money at call and short notice and placements with banks and other financial institutions as presented above)		<b>(7,362)</b>	(1,510)
		<b>2,105,266</b>	3,348,699