

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	GROUP	
		2004 US\$'000	2003 US\$'000
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations	(a)	<b>356,184</b>	266,867
Interest paid		<b>(74,483)</b>	(89,266)
Interest received		<b>2,948</b>	2,608
Income tax paid		<b>(1,698)</b>	(1,527)
Net cash inflow from operating activities		<b>282,951</b>	178,682
<b>INVESTING ACTIVITIES</b>			
Purchase of fixed assets		<b>(468,270)</b>	(327,673)
Proceeds from sale of fixed assets		<b>82,171</b>	250
Acquisition of a subsidiary, net of cash acquired	(b)	<b>(4,647)</b>	—
Acquisition of an equity investment in Valuair Limited		<b>(15,148)</b>	—
Purchase of other assets		<b>(4,695)</b>	(9,686)
Net cash outflow from investing activities		<b>(410,589)</b>	(337,109)
<b>FINANCING ACTIVITIES</b>			
Proceeds from long-term borrowings	(c)	<b>1,499,697</b>	374,957
Principal repayments of long-term borrowings		<b>(1,358,100)</b>	(535,189)
Proceeds from rights issue, net of issuance cost of approximately US\$1.3 million		—	99,004
Proceeds from issuance of ordinary shares pursuant to the Pre-listing Employee Share Option Scheme		<b>18</b>	193
Proceeds from issuance of convertible bonds		—	180,000
Expenses in connection with the issue of convertible bonds		—	(3,723)
Payment of loan arrangement fees		<b>(53,375)</b>	(17,703)
Restricted cash, net		<b>2,204</b>	20,038
Others, net		<b>(504)</b>	(594)
Net cash inflow from financing activities		<b>89,940</b>	116,983
Effect of exchange rate changes on cash and cash equivalents		<b>1,692</b>	1,519
Net decrease in cash and cash equivalents		<b>(36,006)</b>	(39,925)
Cash and cash equivalents at beginning of year		<b>377,033</b>	416,958
Cash and cash equivalents at end of year		<b>341,027</b>	377,033

## Notes to Consolidated Cash Flow Statement

## (a) Cash generated from operations

	<b>GROUP</b>	
	<b>2004</b>	2003
	<b>US\$'000</b>	US\$'000
<b>OPERATING ACTIVITIES</b>		
Loss before taxation	<b>(8,035)</b>	(122,810)
Depreciation and amortisation		
- relating to operating function	<b>172,299</b>	186,689
- relating to selling, general and administrative function	<b>9,610</b>	10,660
	<b>181,909</b>	197,349
Interest expense, net of capitalised interest	<b>107,566</b>	93,804
Interest income	<b>(2,985)</b>	(2,613)
Impairment loss	<b>14,500</b>	99,545
Others	<b>9,807</b>	2,485
	<b>302,762</b>	267,760
Decrease/(increase) in:		
Trade receivables	<b>7,768</b>	(2,362)
Consumable inventories	<b>(3,635)</b>	336
Prepaid expenses and others	<b>24,966</b>	4,651
Other assets	<b>(1,617)</b>	(347)
Increase/(decrease) in:		
Trade creditors	<b>(14,019)</b>	(7,712)
Provisions, accruals and other liabilities	<b>(3,915)</b>	4,179
Amounts due to related companies	<b>(234)</b>	(24)
Advance ticket sales	<b>44,108</b>	386
Cash generated from operations	<b>356,184</b>	266,867

Notes to Consolidated Cash Flow Statement (*continued*)

(b) Acquisition of a subsidiary, net of cash acquired

In November 2004, the Group acquired all of the outstanding shares of Polynesian Adventure Tours, Inc. ("Polynesian"), a tour bus operator in Hawaii that had previously provided the Group with shore excursions. The purchase price was approximately US\$4.6 million, net of cash acquired. The acquisition of the tour bus company did not have a material impact on the Group's consolidated profit and loss for the year ended 31 December 2004. The details of the net assets acquired and cash flow arising from the acquisition of Polynesian are shown below. The Group has commissioned a valuation of the assets and liabilities of Polynesian which is currently in progress, to assess the fair values of these assets and liabilities, including intangibles, if any, at the date of acquisition.

	<b>GROUP</b>
	<b>At date of acquisition</b>
	<b>US\$'000</b>
Net assets acquired:	
Fixed assets	2,288
Other assets	4,347
Consumable inventories	349
Trade and other receivables	1,653
Cash and bank balances	638
Trade and other payables	(1,112)
Long-term borrowings (including current portion)	(2,673)
Other long-term liabilities	(205)
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Purchase consideration	5,285
Cash and bank balances of a subsidiary acquired	(638)
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Satisfied by cash	4,647
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(c) Analysis of changes in financing

	<b>GROUP</b>		
	<b>Share capital including premium</b>	<b>Long-term borrowings (including current portion)</b>	<b>Convertible bonds</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
At 1 January 2003	1,698,018	2,434,025	—
Shares issued for cash consideration	99,197	—	—
Proceeds from long-term borrowings	—	374,957	—
Repayment of long-term borrowings	—	(535,189)	—
Proceeds from issuance of convertible bonds	—	—	180,000
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At 31 December 2003	1,797,215	2,273,793	180,000
Shares issued for cash consideration	18	—	—
Proceeds from long-term borrowings	—	1,499,697	—
Repayment of long-term borrowings	—	(1,358,100)	—
Loans assumed arising on acquisition of a subsidiary	—	2,673	—
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<b>At 31 December 2004</b>	<b>1,797,233</b>	<b>2,418,063</b>	<b>180,000</b>
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