

Consolidated Cash Flow Statement

Year ended 31 December 2006

	Notes	2006 HK\$'000	2005 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		110,489	306,504
Adjustments for:			
Gain on disposal of vessels, net		—	(130,605)
Depreciation	6	369,789	245,168
Write-off of/allowance for bad and doubtful debts	6	17,264	2,033
Amortisation of licences	6	2,608	2,597
Loss on disposal of items of property, plant and equipment	6	258	311
Impairment of non-current assets classified as held for sale	6	—	3,086
Net change in fair value of derivative instruments not qualifying as hedges	6	(75,213)	(16,123)
Share of losses/(profits) of associates		(615)	1,851
Interest income	6	(22,114)	(34,065)
Finance costs	7	385,544	312,864
Equity-settled share option expenses		8,830	797
		796,840	694,418
Increase in amounts due from associates		(68,020)	(25,652)
Increase in bunker oil		(11,459)	(64,643)
Increase in inventories		(465,158)	(316,756)
Increase in accounts receivable		(246,732)	(700,580)
Increase in prepayments, deposits and other receivables		(32,737)	(47,424)
Decrease/(increase) in contracts in progress		191,642	(134,313)
Increase in trust receipt loans		320,854	—
Increase in accounts and bills payable		282,118	480,505
Increase in other payables and accruals		467,732	44,827
Increase/(decrease) in excess of progress billings over contract costs		(17,717)	13,428
		1,217,363	(56,190)
Cash generated from/(used in) operations		1,217,363	(56,190)
Interest received		22,114	31,885
Interest paid		(374,887)	(222,096)
Hong Kong profits taxes paid		—	(1,289)
Overseas profits tax paid		(10,044)	(2,527)
		854,546	(250,217)
Net cash inflow/(outflow) from operating activities		854,546	(250,217)

	Notes	2006 HK\$'000	2005 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		—	1,901
Decrease/(increase) in a deposit held in a collateral account	21	68,250	(78,000)
Additions of items of property, plant and equipment		(713,690)	(3,221,218)
Prepaid land/seabed lease additions		(74,231)	—
Deposits paid for acquisition of vessels		(44,207)	—
Proceeds from disposal of items of property, plant and equipment		249	232,219
Proceeds from disposal of non-current assets classified as held for sale		11,372	—
Increase in contribution from minority shareholders to a subsidiary		89,136	—
Capital contributions to associates		(13,507)	(58,547)
Acquisition of subsidiaries	34	(231,177)	(21,645)
Net cash outflow from investing activities		(907,805)	(3,145,290)
CASH FLOWS FROM FINANCING ACTIVITIES			
Inception of new bank and other loans	26	732,047	1,436,104
Repayment of bank and other loans	26	(905,149)	(790,144)
Proceeds from issue of fixed rate guaranteed senior notes	29	—	3,120,000
Transaction costs incurred for the issue of fixed rate guaranteed senior notes	29	—	(90,709)
Proceeds from issue of shares	31	8,398	—
Capital element of finance lease rental payments		(26,516)	(18,287)
Dividends paid		(29,077)	(48,462)
Net cash inflow/(outflow) from financing activities		(220,297)	3,608,502
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(273,556)	212,995
Cash and cash equivalents at beginning of year		657,251	444,335
Effect of foreign exchange rate changes, net		(10,503)	(79)
CASH AND CASH EQUIVALENTS AT END OF YEAR		373,192	657,251
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	25	112,651	297,051
Non-pledged time deposits with original maturity of less than three months when acquired	25	187,897	347,200
Bank balances pledged as security for trading facilities	25	12,141	4,457
Time deposits with original maturities of less than three months when acquired, pledged as security for trading facilities	25	60,503	8,543
		373,192	657,251