

Consolidated Cash Flow Statement

For the year ended 30 June 2005

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| | 2005 RMB'000 | 2004 RMB'000 |
|--|------------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Loss)/profit before taxation | (16,007) | 14,804 |
| Adjustment for: | | |
| Bank interest income | (530) | (142) |
| Unrealised gain on trust fund investments | (704) | - |
| Interest expenses | 7,940 | 3,024 |
| Bad debts | 557 | - |
| Provision for doubtful debts | 3,006 | - |
| Provision for obsolete and slow moving inventories | 1,210 | - |
| Depreciation of property, plant and equipment | 1,365 | 1,276 |
| Amortisation of software development costs | 6,600 | 9,546 |
| Impairment loss on investment securities | 3,700 | - |
| Loss on disposal of property, plant and equipment | 378 | 335 |
| Impairment loss on software development costs | 2,600 | - |
| OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL | 10,115 | 28,843 |
| Decrease in inventories | 2,333 | 3,619 |
| Decrease/(increase) in prepayments, deposits and other receivables | 100,172 | (69,543) |
| Increase in bills receivables | (8,312) | (1,123) |
| Decrease/(increase) in trade receivables | 52,956 | (19,019) |
| (Decrease)/increase in trade payables | (36,165) | 11,493 |
| Decrease in bill payables | (29,411) | (3,154) |
| Increase in accruals and other payables | 47 | 1,040 |
| (Decrease)/increase in receipts in advance | (5,070) | 2,324 |
| CASH GENERATED FROM/(USED IN) OPERATIONS | 86,665 | (45,520) |
| PRC enterprise income tax paid | - | (2,151) |
| NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES | 86,665 | (47,671) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Bank interest received | 530 | 142 |
| Payments for acquisition of property, plant and equipment | (417) | (4,188) |
| Proceeds from disposal of property, plant and equipment | 2 | 218 |
| Decrease/(increase) in pledged time deposits | 6,872 | (38) |
| Increase in trust fund investments | (150,000) | - |
| NET CASH USED IN INVESTING ACTIVITIES | (143,013) | (3,866) |

| | 2005 <i>RMB'000</i> | 2004 <i>RMB'000</i> |
|---|-------------------------------|------------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| New loans raised | 100,000 | - |
| Repayment of loans | (36,902) | (2,828) |
| Interest paid | (7,940) | (3,024) |
| NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES | 55,158 | (5,852) |
| DECREASE IN CASH AND CASH EQUIVALENTS | (1,190) | (57,389) |
| CASH AND BANK EQUIVALENTS AT BEGINNING OF YEAR | 15,677 | 73,066 |
| CASH AND BANK EQUIVALENTS AT END OF YEAR REPRESENTED BY CASH AND BANK BALANCES | 14,487 | 15,677 |